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America's Agenda After Reagan

REAGAN



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them."**"****MERCURY**
INTRODUCES
A NEW
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COVER: As Reagan's era recedes, a new 28 generation considers its political options

With only 22 months left to the Reagan presidency, the 1988 campaign is coalescing, auguring the start of another cycle in U.S. history. Candidates talk of moving Government away from conservatism toward activism. Will the new epoch herald a return to a spirit of engagement? TIME's Lance Morrow examines Reagan's legacy and ponders the future. See **ESSAY**.



AIDS: Testing for the dread disease is 24 proposed for millions of blood recipients

In a series of actions on the epidemic, the Federal Government advises tests for some transfusion recipients who received unscreened blood, issues a controversial education plan and approves the drug AZT for treatment of some AIDS patients. In France, a researcher has injected himself with a potential AIDS vaccine, a small but crucial step in experimentation on humans. See **NATION**.



BUSINESS: New smart phones are 50 changing the way America communicates

A torrent of technology is turning the plain old telephone and its push-button heirs into sophisticated electronic instruments. Among other things, they block out unwanted calls and listen to voice commands. ▶ Fujitsu drops its bid for Fairchild. ▶ Wall Street's spreading scandal fells Stock Trader Boyd Jefferies. ▶ Independent filmmakers steal the scene in Hollywood.



20 Nation

After intense preparation, Reagan holds a "dull" news conference—but that was what he wanted. ▶ Deaver is indicted for perjury.

77 Food

Potato chips, America's favorite fattening munch, thrive despite the fitness trend, with proliferating varieties of shapes and flavors.

38 World

As Congress wavers, Sandinista confidence grows. ▶ U.S. Jewish leaders go to Israel. ▶ Zia admits Pakistan can build the Bomb.

79 Video

Will Maddie and David get together? The answer may be a while in coming on *Moonlighting*. TV's most dilatory hit show.

63 Sexes

As VCRs bring X-rated films into the bedroom, women are developing a taste for porn and pushing for a softer, less sexist product.

80 Music

At 51, Seiji Ozawa of the Boston Symphony is at the top of his profession. Yet the Japanese conductor remains a man of two worlds.

71 Books

Walker Percy's *Thanatos Syndrome* pits behavioral engineering against humanity. ▶ Sidney Hook is triumphantly *Out of Step*.

84 Sport

A national event with a regional flavor, college basketball's Final Four is the most consistently satisfying championship on the calendar.

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A Letter from the Publisher



Pictures at an exhibition: Mary Decker's fall...



a vigil for troops slain in Grenada and Lebanon...



and children emaciated by famine in Sudan

As New Yorkers darted past one another in Rockefeller Center last week, many halted at the street-level windows of a camera gallery to gaze at a striking array of photographs: fireworks, an athlete in pain, the rings of Saturn, one space shuttle lifting off, another disintegrating in the air, a laughing Ronald Reagan, a gyrating Madonna, a city in flames. These and other dramatic images make up a new exhibit whose theme is TIME photojournalism of the 1980s.

"Recapitulating seven years in 26 pictures isn't really possible," observes TIME Picture Editor Arnold Drapkin, who helped set up the presentation, which was sponsored by Nikon, the Japanese camera manufacturer. "But by mixing photos of the major events and those of people who set the tone," adds Drapkin, "we've been able to capture the essence of the period."

"It took two months to get together the pictures we'd use," says Joseph Johnson, art director for TIME Public Affairs, who helped make the final selections from the 273 photographs originally considered for the exhibition. "But it turned out to be a signal addition to the dozens of photo and cover-art shows that we've organized over the past 14 years." Indeed, Johnson is already mapping out a travel route for the '80s collection, which is expected to join other TIME photo exhibits currently on display or ticketed for such cities as Boston, Chicago, Los Angeles, London, Paris, Cannes and Hong Kong.

Robert L. Miller

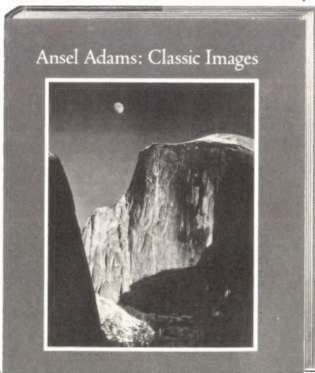
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Letters

Bouncing Back?

To the Editors:

Can President Reagan recover? you ask [NATION, March 9]. He can, and he will. The first step was appointing Howard Baker chief of staff; the second was acknowledging his mistake in selling arms to Iran. Reagan will probably be recognized by historians as one of the greatest of modern Presidents.

(The Rev.) F. Douglas Morgan
Fort Mill, S.C.



The question you posed—"Can he recover?"—should be answered by you and the rest of the press. My question is, Will you let him?

Michael Schrier
Montgomery

No, he cannot recover. President Reagan is like a punctured balloon that will never rise again.

May C. Baron
Los Angeles

You bet he can. That is the most frightening part.

James Mau
Scarborough, Ont.

More important than the President's management style is his reaction to complex issues. When the U.S. looked vulnerable in Lebanon, Reagan ordered the invasion of Grenada. After terrorists attacked a disco frequented by American service members in West Germany, he bombed Libya. To get U.S. hostages released, the President sold arms to Iran. Surely there are more constructive ways of "standing tall."

Judith G. Martin
Dayton

In spite of his grave folly, President Reagan is well on his way to regaining public confidence. He is a survivor par excellence. A head of state can have all the requisites for leadership, but without charisma he will not make a dent. Even Rea-

gan's worst critics must concede that it does not matter what attributes he has or lacks; he has that essential magnetic spell.

Madhuri Talibuddin
Bombay

In your article you state, "The Tower report shows the extent to which North, Poindexter and the CIA went, in circumventing the law, to slip arms to them [the *contras*] during a period when Congress had forbidden any direct or indirect U.S. military assistance." The Tower report contains no statement saying that the CIA violated the congressional ban on arms shipments to the *contras*. The fact is that the agency has meticulously observed congressional restrictions.

George V. Lauder, Director
Public Affairs, CIA
Washington

Drawing on the disclosures in the Tower commission report, TIME was making a careful distinction between circumventing and violating the law.

The question still lingers: Why did the Reagan Administration get embroiled in the Iran fiasco? Perhaps the answer lies in a remark attributed to former Supreme Court Justice Louis D. Brandeis: "The greatest dangers to liberty lurk in insidious encroachment by men of zeal, well meaning but without understanding."

John A. Kirchner
Vero Beach, Fla.

The Americans are at it again. Roughly a decade and a half after the great Watergate witch-hunt, the media jackals are after yet another President. It remains to be seen whether the American people have matured at all over the intervening years or whether they still believe their Government should be run by a specially selected troop of Boy Scouts.

John Walsh
Rathkeale, Ireland

President Reagan is inept at best, incompetent at worst. Hurry, 1989.

Willis O. Preston Jr.
Wilmington, Del.

Irish Election

In voting Garret FitzGerald out of office [WORLD, March 2], the people of Ireland have made the mistake of dismissing the best Prime Minister they ever had. FitzGerald is a farseeing politician and a man of integrity who, among other accomplishments, brought down inflation 17.2 percentage points. FitzGerald is the only Prime Minister who could lead Ireland to a prosperous future and promote peace among its people.

Frances M. Keyes
Torquay, England

You should have stressed that Sinn Fein, the political wing of the I.R.A., fielded 27 candidates and lost every-

where. It is important that misguided Americans who continue to raise funds for "the cause" know that the people of Ireland do not support violent solutions to political problems.

Rodney Devitt
Dublin

Kamali's Homework

Your report on my being fined by New York State's labor department for employing workers to cut and sew garments at home [ECONOMY & BUSINESS, March 9] implied that I was fostering sweatshop conditions in order to produce my garments. The counts cited against me were not for wage violations or exploitation. The penalty was for not having permits allowing work to be done at home. The workers were always paid above industry standards and union wages.

The scope of the law and its technicalities are difficult to understand and cover areas I clearly was not aware of. Among those who worked for me and whose homework was cited was a college student. She asked if she could string pearls and hook earrings at home to earn extra money. There was also a samplemaker whose arthritis made travel difficult. She asked to take work home to finish at her own pace.

I believe the labor department investigation was done fairly. The fines were paid. No homework will be allowed through my company in the future.

Norma Kamali
New York City

Faithful to Toscanini

In his review of Joseph Horowitz's *Understanding Toscanini* [BOOKS, March 9], Critic Michael Walsh smugly dismisses Arturo Toscanini in a way that is narrow-minded and uninformed. Toscanini's legacy is his revolutionary impact on 20th century conducting. Walsh forgets that Toscanini was one of the first conductors to insist that music be performed as the composer wrote it, that encores be forbidden during operas and that performances by his orchestras be the greatest possible. Although he ignored Stravinsky, Toscanini did champion Debussy, Ravel and other contemporaries. The "coarse" sound that Walsh refers to resulted from his orchestras playing more vigorously than those under other conductors, not from bad musicianship.

Albert Sanchez Moreno
East Point, Ga.

Ordaining Women

The biblical literalists who reject women clergy in the Church of England [RELIGION, March 2] overlook the fact that the Scriptures were written by men in a male-dominated society. Their opposition stems from a belief in the infallibility of a tradition, ignoring the question of

Letters

how organized religion can better serve the needs of parishioners in another era. As to charges that the ordination of women violates "the intentions of Jesus Christ," the Scriptures are recollections of what Christ said, but they cannot state for certain what he may have thought.

*Donald Lenox Mahan
Plainfield, N.J.*

Polluted Rain

As chairman of the Republican House Working Group on Acid Rain and as coauthor of acid-rain-control legislation, I found your report "A Sweet Side to Acid Rain" (ECONOMY & BUSINESS, Feb. 16) a sweet sound to my ears. The Management Information Services study you refer to optimistically focuses on net economic benefits from a cleanup: jobs created and industries helped, rather than just job losses and costs incurred. In addition, cleaning up acid rain would have positive effects the study does not address: for example, less chemical damage to infrastructure, potentially lower health-care costs, and better crops and forests.

Supporters have never said any control plan would be simple or free, or that it would not cause some economic rearrangements. But we cannot ignore acid deposition any longer or try to study it to death. As Governor Thomas Kean of New Jersey has observed, "If all we do is continue to study the problem, we'll have the best-documented environmental disaster in history."

*Sherwood Boehlert, U.S. Representative
25th District, New York
Washington*

Golf Swings

The hilarious affair of Golfer Craig Stadler's kneeling on a towel in order to hit a ball (SPORT, March 9) proves once and for all what many people have claimed for decades: golf is not a sport, and golfers are not athletes. Twenty-four hours after the Stadler incident, TV viewers watching a rerun reported the infraction by telephone. Any activity that is regulated by viewers on a 24-hour-delay basis is not a sport, and anybody afraid to get his knees wet is not an athlete.

*Lanny R. Middings
San Ramon, Calif.*

I do not understand how in laying down a towel Stadler could "build a stance." Officials should have immediately advised Stadler that his action was flawed and allowed him to take a penalty. Disqualify the judges, not Stadler.

*James L. Ryan
Los Angeles*

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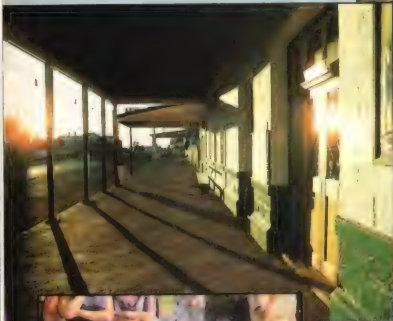
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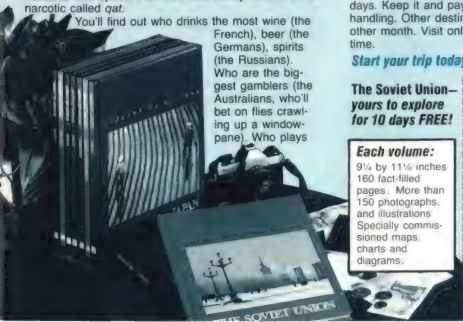
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American Scene

In Alaska: Boom Times Yield to a Bitter Bust

In the Red Dog saloon in Juneau, the sawdust on the floor gets changed bi-weekly come fog, downpour or the occasional shard of sunlight. Behind the bar, there's a bumper sticker that was temporarily stapled up last spring for laughs. It reads, GOD, PLEASE GIVE US ANOTHER BOOM. WE PROMISE NOT TO P... THIS ONE AWAY.

A stiff hike up the hill from the Red Dog, nobody in the state capitol building sees anything to chuckle about. When Steve Cowper, the new Governor of the largest state in the union, looks out his third-floor window, his horizon does not stretch far enough to see another boom, or even a boomlet. What he sees is a budget deficit of \$882 million and diminished prospects for the state's heretofore pampered citizens. A man who favors cowboy boots and long silences, Cowper says sardonically, "It's a four-year term unless they burn me out of the mansion." Cowper idly contemplates that unhappy prospect because after he decided to run for office, first oil prices, then Alaska, went bust.

Overnight, it seems. Back in the early '80s, the state had so much oil money that State Representative Hoyt ("Pappy") Moss proposed to bail out Chrysler, Cleveland and a couple of other basket cases in the Lower 48. A few years before that, the legislators, in a gesture of unprecedented largesse, did away with the state income tax. In its place, they substituted a state-sponsored giveaway. Each and every resident was paid an annual "dividend" of some \$500 merely for living in the state. The big spenders in Juneau also voted to give residents 65 and older an additional \$250 each month as a longevity bonus. Says Cowper: "Government was in the business of dividing up the loot."

When OPEC and oil prices went south, there were minicélébrations at gas pumps across the Lower 48. In Alaska, as in Kuwait and Dubai, there were rude awakenings. Alaska derives a higher percentage (86%) of its general fund from oil taxes than any other oil-producing state. As the price of a barrel of crude oil tumbled from the high 20s down through the teens to about \$9, the state began to run on empty.

Out in Bethel, a town scattered across the Kuskokwim River delta, there is apprehension about what budget cuts will

mean. A region in western Alaska the size of Oregon, with about as many residents as Rutland, Vt. (pop. 18,436), the delta is representative of problems throughout the state. For example, the just completed \$4 million Yukon-Kuskokwim youth correctional facility will probably never open its doors. There is no state money to operate it. "So much of our economy has been artificial," says City Councilwoman Diane Carpenter, speaking of a generation of pork-barrel construction projects expensively built on pilings above the

species of mosquitoes that share the turf.) Rosie Porter, the feisty editor and publisher of the weekly *Tundra Drums* and proprietor of the Porter House Bed and Breakfast, thinks the tourists ought to include the Soviets, just a couple of hours away across the Bering Sea. "They'd be real good customers," she says, clearly thinking more of her occupancy rate than of the *Drums'* circulation. A sobering counterpoint to these schemes, however, is the rise in suicides and thefts of heating oil.

The news is no less bleak 750 miles to the northeast in Deadhorse, a town of prefabricated modules that hunkers next to the oil fields at Prudhoe Bay, north of the Arctic Circle. The Prudhoe Bay Trading Post recently held a sale. DON'T SNOOZE. YOU'LL LOSE, the sign trumpeted. Clerk Lisa Greenwood had trouble staying awake. "At 8:30, there wasn't a soul in here," she says. "Business has gone down 50% in the past year." The house she and her husband Perry bought outside Anchorage (two years ago for \$120,000 is now appraised at \$90,000. The mortgage payments have not shrunk along with the Greenwood's income. "It's all we can do to hang on," she says.

Not everyone sings the blues. Former Governor Walter Hickel, who has seen the occupancy rate in his 600-room Captain Cook Hotel drop 7 points, to 62%, in the past twelve months, says resolutely, "We have to be enthusiastic." Indeed, the state's savings account, the Permanent Fund, continues to grow and now tops \$8.1 billion. That is a healthy reserve, even if the principal cannot be tapped to help solve the current crisis. Harold Heinze, the president of Arco Alaska, looks at the modest rebound in the world price of oil and says, "It feels good to have a mild wind at your back after walking into a gale."

What Steve Cowper feels, however, is the need to reinstitute the state income tax, slash entitlements and reduce the state's expectations. The legislature has not reacted to those proposals with unbridled enthusiasm. Tony Vaska has a simple definition of the attitude that keeps the politicians from acting: "Alaska has been spoiled." Maybe so, thinks the Governor, but matters have reached a new level of urgency. "We can change overnight. We don't have any choice in the matter."

—By Paul A. Wittman



Lisa and Perry Greenwood are trying to keep their Anchorage home

shifting permafrost. "Now that there are no jobs for young people, there will be social dislocation, anger and bitterness."

Some of that dislocation will occur in the 56 villages for which Bethel serves as a hub. Tony Vaska, 38, a Yupik Indian who was born upriver in Kalskag, earned a doctorate at Stanford and now is the interim Bethel city manager, sees it coming. "The villages are going to feel it the most as teachers' aides get cut. And 99% of them are native." That will ripple back to Bethel. "Everything is one big question mark," says Dave Foster, 46, general manager of Swanson's, the largest retail store in town. "I don't think we've seen the worst of it."

In living rooms and kitchens around Bethel, people are plotting ways to extricate themselves from their collective predicament. Former Teacher Harold Sparck sees the Bering Sea and its fisheries as a rich alternative source of income. Steve Constantino, 35, an attorney and president of the local Chamber of Commerce, is touting tourism and the lure of about 100 species of birds that spend their summers in the region. (He makes no mention of the score or so

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Nation

TIME MARCH 16, 1987



Facing a forest of upraised hands, the President displays shifting moods as he answers journalists' questions. He accomplished his not very lofty mission:

Well, He Survived

The reassuring part was not what Reagan said but how he said it

The buildup was intense, the suspense high. After four months of hiding in the White House from the storm of questions raised by Irancon, Ronald Reagan was at last ready to brave the inquisitorial rigor of a full-scale news conference. As the hour drew close, one TV commentator likened the atmosphere to the tension before a Super Bowl kickoff. Then the President strode into the East Room of the White House and put on the kind of performance that is common enough in a real Super Bowl but quite rare for Reagan. He triumphed, as Republican Senator Alan

Simpson of Wyoming approvingly put it, by being "dull."

Compared with his last news conference, this was an achievement of sorts. In that disastrous Nov. 19 session, the President appeared confused and contradictory and gave some answers that were promptly proved inaccurate. Nothing of that sort happened last week. Reagan came to the Thursday session extensively briefed; to easily foreseen questions, he replied with well-rehearsed answers.

As theater it was an effective show, calculated to convey the impression of a President physically and mentally recov-

ered from his Irancon doldrums and back in charge. But the substance was something else: predictable, uninformative and at times somewhat disturbing. The President said little that went beyond statements he had already issued in other forums. Again and again he repeated his standard defenses: he knew nothing about the diversion of Iranian arms-sales profits to the *contras*, and not much more about the millions his Government had been raising from foreign sources and private American donors for the *contras*. Yes, he had met with some of the donors in the White House and thanked them for their



to handle himself competently for 30 minutes

efforts, said Reagan, but he had no idea they had been buying guns. What, then? "Spot ads on television" advocating resumption of open, fully legal aid by Congress to the Nicaraguan rebels, he said.

Reagan, by his own account, was equally ill informed about how the weapons sales to Iran had "degenerated" (his word) into an arms-for-hostages exchange. Not "until I read the Tower commission report," issued Feb. 26, did he find "that the strategy talks had disappeared completely and... the conversation was totally arms for hostages." If so, he must have been one of the last people in the country to come to that realization.

Would he now admit that the arms sales, whatever the original motive, were a mistake? "I would not go down that same road again," said Reagan, the first time he had made such an explicit statement. But he quickly added that "I thought [the initiative] was right in the beginning" and even insisted once again that the arms deals might have succeeded in getting more hostages released if the arms-sales story had not "leaked."

Reagan's questioners came into the

East Room still buzzing about a sharp blast the day before from the usually mild-mannered Senator Simpson. He snarled that reporters shouting questions at Reagan during a picture-taking session were doing a "sadistic little disservice to your country" by badgering the President about Iranscam. "You'd like to stick it in his gazoo," Simpson charged.

Whether or not they were cowed by that attack, the journalists mostly posed rather tame, or lame, questions Thursday night. One of the few queries with an edge to it came from Chris Wallace of NBC, who asked why the President on Nov. 19 had denied that Israel was involved in the arms sales to Iran "when you knew that was not true." Reagan replied it was "just a misstatement that I didn't realize that I had made." Further, said the President, immediately after the November press conference, "when I finished bumping my head, I said [to aides], 'Quick! Write down a correction of this.'" In fact, Reagan had made the assertion four times at that press conference, and the correction was ordered by Donald Regan, then chief of staff: the President was told about it while it was being drafted.

By the time last week's formal session ended, Reagan was feeling confident enough to linger in the corridor and answer a few additional questions shouted by journalists who crowded around him. Referring to former National Security Adviser John Poindexter and Marine Lieut. Colonel Oliver North, the President said, "They just didn't tell me what was going on." Asked if Vice President George Bush, who has said he had "certain reservations" about the arms sales to Iran, had ever indicated opposition, Reagan replied flatly, "No." (The following day, Bush and White House Spokesman Marlin Fitzwater explained that the Vice President's reservations applied only to the "process," not the "policy.") Then, at last, Reagan walked away—mission accomplished, in the White House view.

That mission was not very lofty: it was simply to prove that he could handle himself competently for half an hour. Reagan, who has held fewer news conferences a year than any President of recent times, is unlikely to schedule another for quite a while, and aides hope there will be no clamor for him to do so. Indeed, they think public interest in Iranscam is waning sharply, and there are some indications that they may be right. Despite the buildup for last week's news conference, five CBS stations in Florida declined to show it. They preferred to televise the conclusion of a Florida-Syracuse college basketball game.

Interest might revive, however, when the congressional investigations of the Iran-*contra* affair begin turning up some

new revelations. Sources told TIME that investigators armed with "dozens" of subpoenas will swarm into the Miami area this week to examine records of banks and other businesses that supposedly funneled money and cargo to the *contras*. The investigators hope to learn the dates and extent of scores of transactions arranged by North, retired Air Force Major General Richard Secord and others, and perhaps finally show whether a network organized by North supplied military equipment to the Nicaraguan rebels at a time when such assistance was forbidden by Congress.

Meanwhile, the Senate last week voted to begin contempt proceedings that could send Secord to prison if he continues his refusal to disclose Swiss and Panamanian bank records that might also provide clues to where the missing millions went and how much of it the *contras* got. Secord has invoked the Fifth Amendment to avoid testifying, but the Senate contends that the protection against self-incrimination does not apply to bank records. Predicted New Hampshire Republican Warren Rudman, vice chairman of the Senate select committee investigating Iranscam: "We will have determined the money trail before [public] hearings start."

That, under terms of an agreement reached last week between the Senators and their counterparts on a House select committee, will be May 5. The two committees will merge their staffs and conduct joint televised hearings that Hawaii Democrat Daniel Inouye, chairman of the Senate group, hopes to wind up by September. The committees also negotiated a truce of sorts with Independent Counsel Lawrence Walsh that will enable them at long last to hear from the two key figures in the whole affair: North and his onetime boss Poindexter.

The deal: both officials will be given limited immunity from prosecution, but will not be called to testify publicly before June 15. Poindexter will go first. There are indications that Poindexter is at last willing to talk, although he again invoked the Fifth Amendment when called last week before a House subcommittee investigating computer-security policy, an issue not directly related to Iranscam. Under the type of immunity that will be granted, none of the testimony the two men give the committees can be used against them, nonetheless. Walsh could ask a grand jury to indict on the basis of evidence he gathers before the committees begin their questioning.

Well before the hearings begin, additional revelations are pouring out. Three intriguing stories surfaced last week:

► Robert McFarlane, who was National Security Adviser when the



Simpson assailing the press

Iran arms sales began, wrote three letters to members of the House and Senate intelligence committees and one to his lawyer, Leonard Garment, in early February. He sealed all four in a packet addressed to Garment on Feb. 9, and sometime that night swallowed 25 to 30 Valium pills: he was rushed to a hospital but has since recovered and been released. The letters to lawmakers are now in the custody of the Intranscam committees. Sources say they revealed one bit of information: McFarlane had left out of earlier testimony, in May or June 1984, Prince Bandar bin Sultan, the Saudi Arabian Ambassador to Washington, approached him and volunteered contributions of \$1 million a month to the *contras*. Those contributions were

increased to \$2 million a month after Saudi King Fahd visited President Reagan in February 1985. The White House has denied that Reagan asked Fahd for money, and the Saudis insist that no Saudi money went to the *contras*. But congressional investigators have turned up bank records in the Cayman Islands that seem to substantiate McFarlane's story.

At the time the contributions began, it was not illegal for the U.S. to solicit money for the *contras*. Why, then, did McFarlane take pains to write about the contributions when he was on the point of taking his own life? Says Garment: "Bud wanted to make complete disclosure. He wanted to clear the air." A source who has seen the letters adds that McFarlane "felt

he may have created the atmosphere" that prompted North and others to solicit funds for the *contras* that were at best legally dubious. In any case, the letters make clear McFarlane's despair. Says one source: "Bud was sitting down at the typewriter and blaming everything on himself. He said he was responsible in the beginning, and when the thing got out of hand, he found it impossible to stop."

► Retired Army Major General John Singlaub, a fund raiser for the *contras*, threw some light on the origin of the idea of diverting Iranian arms-sales profits to the Nicaraguan rebels. In an interview with the *Washington Post*, Singlaub said he had suggested to two countries—identified by the paper as Taiwan and South

Prepping the President

During Ronald Reagan's intensive press-conference preparations, the tensest moment came on Thursday afternoon in the family theater of the White House. In the course of a two-hour practice session, Roman Popadiuk, a Foreign Service officer on loan to the press office, began boring in on Intranscam. The object was to make certain that Reagan would stay consistent, no matter how sharp the cross-examination. Popadiuk got so caught up in his role as a Sam Donaldson stand-in that Press Spokesman Marlin Fitzwater began to worry. "I thought we might all get kicked out," he said. "It was pretty tough stuff." Reagan hung in, however, a bit unsteady at times but improving.

The preparations started some ten days earlier when Executive agencies were asked to provide background information. Fitzwater's aides then spent two days boiling down a foot-high stack of material into a 31-page summary for the President to read over the weekend at Camp David. Only after Reagan and Nancy returned and said that he was comfortable with the material was the final decision made to schedule the conference.

On Monday Chief of Staff Howard Baker and Intranscam Counselor David Abshire held an hour-long session with the President that focused on eight basic issues raised by the Tower commission report. The next morning Reagan was given what one aide called the "50 nastiest, dirtiest questions that could be dreamed up" about Intranscam. That afternoon he discussed them with Baker and Abshire.

Two-hour practice sessions on the day before and the afternoon of the press conference are the heart of the preparation. As mock inquisitors grill him, top aides take notes and critique the answers with Reagan afterward. This time, his senior staff came to a startling realization: it had been so long since he had last held a press conference that virtually none of them had ever been in on the preparations. "We had to put in an urgent call to ask Ed Meese over here so we'd have a little experience," said one top staffer.

During Larry Speakes' tenure as spokesman, aides were ordered to try to worm likely questions out of correspondents in advance. "We discovered what reporters have known for

years," boasts one former staff member, "that if you ask enough, some people will actually tell you. It's hilarious." This time the dominance of Intranscam reduced the need for pressroom espionage.

Wednesday's rehearsal was a no-nonsense affair: Reagan was asked 36 mock questions, 30 of them on Iran and related issues. (Every question asked at the real press conference, claims an aide, was among those asked at the first practice session.) He answered in a straightforward way, avoiding the jokes he sometimes tends to entertain his audience. "I was really nervous until practice today," said one staffer that afternoon. "The President is on target; he'll do fine." The aide then knocked on wood.

The next day's session, which featured Popadiuk's grilling, went even more smoothly. One personal touch that Reagan never got the chance to use came in answer to a practice question on AIDS. He replied by telling a story he heard from

a friend about a man who had contracted the virus from a blood transfusion; within a year both the man and his wife had died. "I'm not sure I should tell this," Reagan said. "You should tell it." It's you. It shows the feeling you have for people in trouble, and it's touching because you're so clearly sincere."

By the end of the second run-through, Reagan was so relaxed that he even tossed off a bawdy joke. It helped that there were no

women among the dozen aides in attendance at the session.

Before each press conference, aides prepare a 3-ft. by 5-ft. seating chart with photos, so the President can call on specific reporters by name. (The shot of Donaldson was once embellished with satanic horns and a goatee.) Reporters are seated 20 minutes early, while Reagan and his aides gather in an anteroom to survey the scene on closed-circuit TV. A cameraman pans the audience, getting instructions through a headphone to focus on correspondents Reagan may want to recognize. He called upon most of the renowned tough questioners during last week's session.

All the work paid off. When Reagan walked into the family dining room at the end of his performance, Baker proclaimed, "You did even better than you did in your last rehearsal." Replied the President: "Your questions were a lot tougher than the ones the press asked." — *By Jacob V. Lumar Jr.*

Reported by David Beckwith/Washington



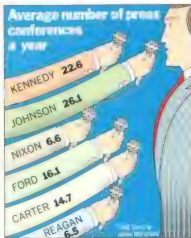
THE NEW DIRECTOR

Korea—that they pay a markup for weapons they were buying (such as torpedoes that Taiwan was purchasing from Israel) so that the extra funds could be diverted to Singlaub's *contra*-supply network. Further, said Singlaub, he had told North about this scheme in early 1985: "I said, 'Do you think this will work?' and he probably said yeah." In fact it did not work—then. But North worked the same kind of deal on arms sold by the U.S. to Iran a year or so later. Alfonso Robelo, head of a *contra* group based in Costa Rica, told the *Post* that North had arranged for \$100,000 to be paid into the group's bank account.

► Some of the Iranian arms-sales profits may have been diverted to bribes for Iranian officials and outright ransom payments to Lebanese terrorists. The *Washington Times* published a copy of what it said was a letter written to Reagan late last year by Manucher Ghorbanifar, the Iranian expatriate who acted as a middleman in the deals. In it, Ghorbanifar supposedly said he had made "substantial payments" to Ayatollah Hussein Ali Montazeri, a high Iranian official. Expanding on the story, the *New York Times* quoted sources as estimating that Ghorbanifar paid around \$10 million to various Iranians and a group that financed the Lebanese kidnappers of American hostages. Ghorbanifar, contacted by TIME, had "no comment" on the letter to Reagan, but denied he had paid any bribes to Iranians or Lebanese terrorists. Said he: "The thieves in the CIA and their private accomplices are fabricating vicious lies every day to confuse the American people."

Round and round go the revelations, reports, allegations, rumors, until Reagan and his aides must be wondering when and if they will ever stop. The answer probably is: not until the select investigating committees finally lay the whole story bare in public. The President at his long-awaited news conference may have put some of the more obvious questions to rest, less by answering them conclusively than by demonstrating that any further discussion would only spin in repetitious circles.

—By George J. Church, Reported by David Beckwith and Hays Gorey/Washington



Arriving on Capitol Hill last May: his testimony resulted in two felony counts

The Bill Comes Due for Deaver

The President's former aide is indicted for perjury

Once courted by influence seekers for his direct access to the White House, former Reagan Aide Michael Deaver now stands almost alone. His formerly lucrative Washington consulting business is down to two clients, and Deaver will not disclose their names. He has missed the deadline for his book about Ronald and Nancy Reagan, worth a reported \$500,000 advance from Publisher William Morrow a year ago. A late convert to physical fitness, Deaver, 48, has even taken to smoking again. Last week he had all the more reason to puff away: after a ten-month investigation by an independent counsel into accusations that he abused his influence as a onetime White House deputy chief of staff, Deaver was indicted by a federal grand jury on five counts of perjury.

Outwardly, Deaver maintained his equanimity in the wake of the long expected indictment. In a prepared statement Deaver asserted, "I am confident that I have not committed any perjury." He took comfort in the fact that he was not accused of more substantive conflict-of-interest charges, a development that led Deaver and observers in the Washington legal fraternity to suspect that Independent Counsel Whitney North Seymour Jr. does not have a particularly strong case against him.

The 18-page indictment accuses Deaver of deliberately lying three times to the federal grand jury and twice to the congressional subcommittee that first looked into his lobbying activities. The grand jury says Deaver lied when he denied participating in White House discussions on acid rain on behalf of the government of Canada, one of his first clients, and he lied about arranging a meeting between President Reagan and an emissary from the government of South Korea. He also perjured himself or made false state-

ments, said the indictment, about his lobbying efforts for the Smith Barney brokerage firm and TWA.

Although Deaver is the second top-level Reagan official to be indicted on criminal charges,* he has earned a dubious renown for becoming the first former Government official to face charges resulting from an independent counsel's efforts. That distinction has palpable consequences: the indictment means the Federal Government will not reimburse Deaver for his staggering legal costs, now more than \$500,000, unless his lawyers sue to recover them in the event that the charges are dismissed.

After initially asking for an independent counsel to look into his affairs and clear his name, Deaver blocked his indictment for three weeks by challenging the constitutionality of the 1978 Ethics in Government Act, which provides for such special prosecutors. Two lower courts dismissed his arguments, and Deaver's final appeal was turned down by Supreme Court Chief Justice William Rehnquist just hours before the grand jury returned the bill against him.

Longtime Reagan Family Friend Nancy Reynolds is leading an effort to raise money for Deaver's defense, although she and others are not sure they will be able to come up with the \$800,000 that will be necessary. Deaver's mentors in the White House could do no more than sympathize. Said the President: "Mike Deaver has been our friend for 20 years. Nancy and I will keep him and his family in our thoughts during these difficult times. We wish him well."

—By John S. DeMott.
Reported by Alessandra Stanley/Washington

*The first, in 1984, was former Labor Secretary Raymond Donovan, currently standing trial in New York on charges of grand larceny and falsifying business records.

A Transfusion of Fear

Blood recipients are told to consider AIDS testing

The elderly patient had no known risk for AIDS when he received a blood transfusion in 1982. The procedure was routine, similar to one undergone each year by up to 4 million Americans—victims of auto accidents, those recovering from operations, cancer patients and others. But this transfusion contained the seeds of tragedy, unknown to anyone at the time, the blood was infected with HIV, the virus that causes AIDS (acquired immunodeficiency syndrome). The next year the patient developed an AIDS-related form of pneumonia, and he died in 1984. His wife tested positive for the AIDS antibodies, and was later diagnosed as having a type of cancer associated with AIDS. She too has died.

Citing rare cases like this one, the Centers for Disease Control in Atlanta last week expanded the number of Americans who should consider whether to be tested for exposure to a disease that is still largely confined to male homosexuals, bisexuals and intravenous drug users. Although only 683 of the nation's current total of 32,825 AIDS cases resulted from tainted blood transfusions, the CDC estimates that as many as 12,000 of the 34 million who received blood before it was screened may have been infected. The CDC and the American Red Cross recommended that physicians consider offering AIDS tests to some of the 9 million individuals still living who received transfusions between 1978 and April 1985, when health officials began to screen all donated blood for infection.

Though the recommendation was only the latest in a series of testing advisories to groups at risk of AIDS infection, the sweeping nature of the draft proposal caused considerable alarm as well as widespread criticism of the CDC. The outcry may have been exacerbated by the way in which the advisory became public. It was leaked early last week and was only released by the CDC in more cautious language, several days later. Immediately following the leak, telephone lines at blood centers and American Red Cross chapters were flooded with calls from panicky transfusion recipients, and top public health officials from New York State, New York City and New Jersey issued a statement questioning the wisdom of the CDC proposal.

The study on which the recommendation was based—a review of AIDS infec-



Moment of truth: AIDS screening in Long Beach, Calif.

Blood serum that turns blue-green is positive.

tions among leukemia patients at New York City's highly respected Memorial Sloan-Kettering Cancer Center—did "not indicate the need for any new public health advisory," the group said. For years transfusion recipients have been considered at only a slightly higher risk for AIDS than the population at large, but the danger is substantially greater among hemophiliacs and some leukemia patients who regularly require massive transfu-

sions. Says Dr. Donald Armstrong, one of the authors of the Sloan-Kettering study: "We just documented something which had been assumed by everybody—the larger the number of transfusions, the greater the risk."

Puzzled physicians worry that the CDC advisory will inspire fear in a large number of people who are unlikely to have had any exposure to AIDS. Health officials estimate that from 1978 to April 1985 only one in every 2,500 units of blood was contaminated. The current risk of AIDS contamination is one in every 250,000 units of donated blood. Says New York City Health Commissioner Stephen Joseph: "To give the impression that everybody who has ever received a transfusion should get themselves tested is both alarmist and has no basis in probability." But CDC officials note that recipients are the only risk group that has not so far been specifically advised to seek testing.

AIDS experts, doctors and public health officials agree that four factors are involved in determining whether a transfusion recipient should consider getting tested.

- ▶ When were the transfusions administered? The risk period was from 1978 until April 1985, but the earlier the blood was received, the lower the infection risk.
- ▶ How much blood did the patient receive? The leukemia patients in the Sloan-Kettering study received an average of 164 transfusions over a period of six months to two years. Patients who do not have a blood-related health problem receive an average of three pints of blood. Even among those massively transfused leukemia patients, only 16 out of the 204 subsequently tested positive for exposure to AIDS.

▶ Where did the blood come from? Before screening began, the risk of exposure to AIDS was considerably higher in such cities as New York, San Francisco, Los Angeles, Houston, Miami and Washington than in regions relatively untouched by the disease. "A physician in North Dakota might say, 'There is no risk here,'" says Dr. Harold Jaffe of the CDC. "But if there were a pregnant woman in New York who received a lot of blood in 1984, then a physician might recommend that she be tested."

▶ Is the transfusion recipient sexually active? Says Sloan-Kettering's Donald Armstrong: "If I were 70 years old, not planning to have a family and had had just one transfusion, I would not run to get my blood tested. But if I were 25 and had had 20 transfusions, and was planning to start a family, I would definitely go. One has to weigh the risks."

The furor created by the CDC's testing advisory was compounded when the fed-

eral Department of Health and Human Services also chose last week to release its long-delayed AIDS-education plan. The report, made public only after congressional prodding, was delayed for nearly two months by a sharp split in the Administration. Health authorities believe that the best AIDS prevention consists of candid information and safe-sex techniques like condom use, while conservative officials hold that chastity and marital sanctity are the only moral methods for preventing its spread.

For months HHS officials have been quarrelling over the AIDS policy with Education Secretary William Bennett and other right-wing activists who argued that a dose of "appropriate fear" might be necessary. "Irresponsible sexual behavior" is the "main cause of the spread of

AIDS," reads one memo from the Department of Education to HHS. The memo goes on to say that an earlier and more explicit HHS draft on AIDS education "resembles a dog-care manual. Not guidance for people." In a statement of principle accompanying the plan's release last week, Bennett wrote, "Young people must be told that the best way to avoid AIDS is to refrain from sexual activity until as adults they are ready to establish a mutually faithful monogamous relationship." Responded Democratic Congressman Henry Waxman of California: "The Administration is confusing the handling of a public health epidemic with their social agenda."

While the final plan stresses abstinence and sexual fidelity, health experts agree that many of the specifics that HHS

outlined are useful. The policy focuses on the school system but defers to state and local school boards "along with families, community and parent groups" on the content of AIDS education. The plan calls for a national media campaign as well as aggressive efforts to reach high-risk groups, and encourages the creation of special programs for black and Hispanic youth, who are considered to be particularly at risk. In fiscal 1987 the Government will spend \$79.5 million on AIDS education, more than double last year's outlay. But as last week's controversial and hesitant recommendations reveal, the Federal Government has yet to fashion a coherent response to an increasingly divisive public health crisis. —By Amy Wilentz,

Reported by B. Russell Leavitt/Atlanta and Dick Thompson/Washington

Taking His Own Medicine

Most animals have little to fear from the lethal AIDS virus. That is good for them but not for human beings, since other species are of little use to medical researchers seeking treatments and vaccines for the deadly disease. The limited value of research on baboons and chimpanzees, among other beasts, creates an urgency to move swiftly to tests on humans. Last week, after months of rumors within the scientific community, it was confirmed that this dramatic leap has been taken in vaccine research. In a letter in the British journal *Nature*, Dr. Daniel Zagury, an AIDS investigator at the Pierre and Marie Curie University in Paris, described a bold experiment: he had inoculated himself in November with a potential AIDS vaccine.

"This is an important first step," said Dr. Robert Gallo, a leading AIDS researcher at the National Institutes of Health in Bethesda, Md. "It's very noble that he did it on himself first." Yet Zagury dismissed any notion of heroism and seemed embarrassed by the attention. "If I began on myself," he told a reporter from France's *Le Matin*, "it is simply a question of a scientist's ethics."

Actually the personal risk to Zagury was probably quite small. The vaccine he used, based on the work of NIH Immunologist Bernard Moss, contained only a tiny portion of genetic material from the AIDS virus. This material was inserted into the genes of a larger, harmless virus, which served as a carrier. (The larger virus was vaccinia, once commonly used to prevent smallpox.) When tested in baboons and a chimpanzee for one year, this hybrid stimulated the animals to produce antibodies not only to vaccinia but to the AIDS virus, with no apparent side effects.

How would it work in humans? A few weeks after Zagury scraped his skin enough to let the experimental substance enter his bloodstream, tests showed that his body had produced two types of immune response: antibodies to the AIDS virus, plus specialized blood cells capable of defending against incipient AIDS infection. In laboratory tests, these de-

fender cells were effective not only against the strain of virus from which the vaccine was made, but against a second strain as well. This finding was especially significant since the AIDS virus has innumerable strains.

The acid test for the vaccine, of course, would be for Zagury to inject himself with live AIDS virus to see if he is truly protected. But that, he admits, "would be crazy." The next best thing is to test the vaccine in people who, because of their life-style or environment, have a high risk of being exposed to AIDS. Zagury took a step in this direction late last November when, with approval from the government in Kinshasa, he gave his experimental vaccine to eight healthy volunteers in Zaire, a country where AIDS is rampant. If they remain free of the infection and experience no side effects, a wider test might be warranted.

In the U.S., meanwhile, a number of research teams are eager to conduct their own human trials of experimental vaccines. Bristol-Myers, for example, plans to seek approval from the Food and Drug Administration within the next month for tests of a preparation similar to Zagury's. Such tests would only be the first step in a process that will probably take years. "You're dealing with a very sneaky virus," observes Jeffrey Laurence, an AIDS researcher at New York Hospital-Cornell Medical Center. "It's going to be a long haul."

Of more immediate relevance to current AIDS patients was the FDA's astonishingly swift approval last week of the drug azidothymidine (AZT). The prescription drug, which will be marketed by Burroughs Wellcome under the name

Retrovir, is the only substance proven to reduce the symptoms and prolong the lives of some AIDS patients. But the drug falls far short of being a cure, costs an estimated \$7,000 for one year's dose and has severe side effects. Some AZT patients require at least biweekly blood transfusions to combat anemia, and at least one-third of them may develop bone-marrow suppression. For most AIDS victims, however, these complications seem worth risking, considering the present alternative.

—By Ed Magnusson,

Reported by Andrea Dorfman/New York and William Dowell/Paris



Zagury: "It is simply a question of a scientist's ethics"

Marathon Man

Dukakis signs up for the race

Massachusetts Governor Michael Dukakis was a long-distance runner before it was cool, finishing the Boston Marathon as a high school senior in 1951. His political career had its own Heartbreak Hill, a devastating primary defeat when he first sought re-election as Governor in 1978. But Dukakis hit his stride with a comeback victory in 1982, and since then has compiled a record of achievement from welfare reform to tax reduction that has earned him a laurel wreath as one of the best Governors in the country. Last week Dukakis embarked on the most grueling endurance race of them all, an uphill quest for the 1988 Democratic presidential nomination. "I have the energy to run this marathon," the 53-year-old Governor declared, "the strength to run this country,

laxed and polished performance at the New Hampshire state Democratic dinner early this month. His speech combined a vision of an entrepreneurial yet compassionate Democratic Party, pointed references to local issues like his opposition to the Seabrook nuclear power plant, and a rare evocation of his immigrant heritage.

At least initially, the fact that New Hampshire is right next door vaults Dukakis ahead of other Democratic dark horses. Recent polls there show Dukakis running a strong second to Front Runner Gary Hart. But much of Dukakis' early support is linked to high name recognition, and Joseph Grandmaison, a veteran New Hampshire party organizer, says voters there may view Dukakis more as an admired neighbor (than as a would-be President). Even if Dukakis does well in the Granite State, he will be dismissed as a regional favorite son unless he then holds his own in the Southern primaries.

Dukakis' New England ties mask a

Step on It

Congress ups the speed limit

The days of the "double nickel"—as truckers call the widely scorned and narrowly enforced 55-m.p.h. speed limit—appear to be numbered. First enacted in 1974 in response to the oil shortage, the 55-m.p.h. law was preserved long after the energy drought turned into a glut because the lower speed saves lives as well as fuel.

But last week Congress determined that it could no longer keep within the bounds of the snail-paced speed limit. By a narrow margin of 217 to 206, the House voted to allow state governments to increase the limit to 65 m.p.h. on most interstate highways. The Senate followed suit by a clear majority. The new law applies specifically to rural areas, but nearly 80% of the planned 43,489 miles of the interstate system will be affected.

The increase was a victory for Congressmen from the wide open spaces of the West, where freewheeling constituents feel cooped up by the old limit. As Democrat Pat Williams of Montana explained to his more constricted colleagues, "You can stand on the highway and see the earth curve out at the end, 60 miles of straight stretch, and sometimes you traverse that entire 60 miles and you only pass two cars. My friends, on the way to talk to 20 people in Montana, I run over 15 jackrabbits." Republican Dick Cheney of Wyoming echoed his neighbor: "Our Western rural interstates are uncrowded, straight and safe."

Not so fast, partner, was the reply of Democrat James Howard of New Jersey. Howard, chairman of the House Public Works and Transportation Committee, has been fighting to preserve the old speed limit to preserve lives. The nation's highest rural fatality rates, he maintained, are out West: Nevada is first, followed by Utah, Alaska, Arizona and Montana. "The No. 1 cause [of deaths] is not drinking and driving," said Howard. "The No. 1 cause is speed."

Howard's argument is fueled by solid evidence. The National Safety Council estimates that the 55-m.p.h. limit has saved as many as 26,000 lives since 1974. Democrat William Lehman of Florida cited statistics showing that the increase from 55 to 65 will cause an additional 500 to 1,000 deaths a year. Supporting the increase, contended Lehman, was "like casting a vote in favor of crashing one or two Boeing 747s every year."

There is an outside chance that drivers may have to dawdle along at 55 despite Congress's green light for the 10-m.p.h. increase. The new speed limit is a rider to an \$88 billion authorization bill for highways and mass transit that may be vetoed by the President, Ronald Reagan, who is all for upping the speed limit, feels that the bill is on the expensive side. Congressmen, however, want those federal dollars for their states, and will gun their engines to fight a veto.



Putting up his dukes: the Governor unveils his candidacy at the statehouse in Boston

Will his pragmatic message of economic regeneration inspire Democratic voters?

the experience to manage our Government and the values to lead our people."

But does Dukakis, often viewed as too aloof and cerebral for national politics, have the vision to inspire Democratic voters? The son of Greek immigrants, he lacks the poetry of New York Governor Mario Cuomo. But Cuomo is not a candidate, and that leaves Dukakis as the only Northeasterner and the only ethnic Democrat in a field further narrowed last week when Arkansas Senator Dale Bumpers announced he would not run.

In place of stirring rhetoric, Dukakis offers his own stewardship of a surging state economy that has transformed Massachusetts from industrial stagnation to New Age affluence. Dukakis has been refining this message of economic regeneration since he began nurturing dreams of the Oval Office after his landslide re-election victory last November. An initial foray into Iowa drew mixed reviews. But Dukakis, generally far more impressive in small groups than on a podium, gave a re-

major disadvantage: his circumscribed career has brought him no closer to foreign policy than his morning newspaper. Dukakis' positions, which are still hazy, smack more of Harvard than of the heartland, which may be a problem in the South. He opposes the President's policies in Central America and on Star Wars but has yet to offer a positive program other than wistful references to world peace. Nonetheless, Dukakis' pragmatic liberalism is appealing to a party searching for a post-Reagan philosophy. Pollster Geoffrey Garin contends that Dukakis is the only Democrat able to say, "I've seen the future, and I've made it work."

Dukakis has always seemed to prefer governing to the task of getting elected. But he declared in Iowa last month, "I will only run if it is fun." Marathons are always fun when the gun goes off. But in the arduous months ahead, Mike Dukakis must again confront the loneliness of the long-distance runner.

—By Walter Shapiro,

Reported by Joelle Atlinger/Boston

American Notes



Reagan's angry pen pal at the 1972 G.O.P. convention



Acid rain's effect near the Canadian border



Biaggi: bribery indictment

ACID RAIN

Down Payment For Clean Air

Every year tons of sulfur dioxide and nitrogen oxides generated by U.S. coal-fired power plants drift northward to fall on Canadian forests and lakes as acid rain. Ronald Reagan has mostly resisted Canada's repeated requests that the U.S. clean up the skies. Last week, 14 months after a joint U.S.-Canadian commission recommended that the U.S. spend \$5 billion to find cleaner methods for burning coal, the President promised to commit half that amount, \$2.5 billion over five years. The belated gesture should smooth the way for Reagan's visit next month to Ottawa, where environmentalists plan to greet him with demonstrations.

CORRESPONDENCE

The Duke vs. The Gipper

Onscreen, John Wayne was a blunt talker and straight shooter. "Duke," who died in 1979, was also good at firing off angry letters to friends, including Ronald Reagan. In November 1977 Wayne blistered Reagan for a fund-raising letter that the Duke considered full of false statements about the Panama Canal treaties. "I'll show you point by God damn point

where you are misinforming people," wrote Wayne, who supported the agreement to cede U.S. control of the canal to Panama. If Reagan persisted in making "erroneous remarks," Wayne continued, "someone will publicize your letter to prove that you are not as thorough on your reviewing of this treaty as you say, or are damned obtuse when it comes to reading the English language."

The Duke sent a copy to President Jimmy Carter, who had signed the treaty. Last week the letter was discovered in the collection of the Carter Presidential Library. Carter's reply: "Your letter is great—tough and factual."

GUILT

Settling with Uncle Sam

One donation, for 44¢, came from a woman who confessed to reusing two postage stamps. A gift of \$2,000 came from an anonymous donor who wanted to clear his conscience with "the IRS and with God." The largest deposit—\$50,000 from a man who gave no reason for sending the money—helped to set a new record for contributions to the Federal Government's "conscience fund," the account made up of donations from guilt-ridden citizens. In 1986 the fund tallied \$380,929.49—greater than

any year since the fund was established in 1811, when an anonymous donor sent \$5.

In the fund's 175 years, remorseful citizens have turned over more than \$5.7 million. Some offerings are larger in spirit than in dollar value. A former federal employee who felt guilty about copying private letters on a Government duplicating machine sent in \$20 last year. He figured the copying cost came to \$5, but he sent more "because the Bible says to repay fourfold."

SCAMS

Flights of Fortune

Occultists have long proclaimed the mystical energies of Egypt's Great Pyramid. Now thousands are touting a pyramid again. This time, the draw is money. In Los Angeles and elsewhere, a new form of the long familiar pyramid game, called "Airplane," is luring investors with profits of up to \$12,000 on a \$1,500 ante—if they can get on board soon enough. Participants buy into an eight-person "plane," then work their way up to "pilot," and bail out with cash. One Los Angeles player claims her profits flew to almost \$50,000.

The downer is that a pyramid payoff requires an ever larger supply of new investors, until eventually the scheme crashes. To protect the unwary, pyramid games have

been made illegal in most states. Even so, the craze has spread on college campuses: at the University of Maryland, automated teller machines ran short of cash this month after one high-flying weekend.

NEW YORK CITY

A New Day, A New Scandal

In 23 years on the New York City police force and 18 years in Congress, Mario Biaggi received ten decorations for wounds suffered in the line of duty and overcame a runaway horse and several government investigations. Now the Bronx Democrat may be facing the toughest threat yet to his survival: last week he was indicted on federal charges of bribery, conspiracy and obstruction of justice. Biaggi, 69, is accused of accepting Florida vacations from former Brooklyn Democratic Leader Meade Esposito in return for lobbying on behalf of a financially troubled Brooklyn ship-repair company. If convicted, Biaggi faces up to 32 years in prison and Esposito, 80, a maximum of 27 years.

The indictments added new momentum to the 15-month-old New York corruption scandal. At least 13 officials have been indicted or have received jail terms: More than two dozen others are under investigation.

Essay



A Change in the Weather

As Reagan's era recedes, compassion and Government activism regain favor

Time to look for new ideas, time to move beyond the era of self-congratulation and beer-commercial patriotism.

It happened with surreal swiftness. One moment, the pageant of Reaganism was proceeding, with brilliant fireworks over the harbor.

The next moment, the Iranian scandal burst up through the floorboards. Strange blackbirds of policy flapped out of the White House basement. The Reagan Administration, the phenomenon that had defined so much of the '80s, that had given the decade its agenda and style, seemed to collapse in a bizarre shambles.

If the U.S. were a parliamentary democracy, the Reagan Government might have fallen. As it is, Ronald Reagan will remain in Washington for another 22 months. His White House is laboring to repair the damage. In time Reagan may reassert his charm. Even as a lame duck, he will have his successes, perhaps even an arms-control agreement. It is possible that Ronald Reagan has not yet exhausted his luck.

But the question is not whether Reagan can recover. The nation is beginning to look beyond Reagan now. Any President in the last half of his second term is already in the valedictory mode. The Iran affair simply hastened the process and

abruptly concentrated the nation's mind. The 1988 election is coalescing. The parties are sorting out candidates and issues. There are signs of a fundamental change in the nation's political weather, a philosophical mood shift like those that seem to occur in America every generation or so.

Even without Iran, the era of Reagan was passing. It has left its indelible mark, yet its battle cry—that Government is the problem, not the solution—is losing force. Presidential candidates of both parties are struggling to define a new role for Government in the post-Reagan era. While seeing the need to be frugal, they are talking more and more about compassion, more active approaches to deep-rooted social problems, a new sense of community values. Reagan has done what he has done, and he has accomplished much. He presided over one of the longest periods of economic recovery in American history, a time attended by the end of inflation and of the wage-price spiral. He rolled back the writ of the Federal Government, helped to initiate tax reform, strengthened (amid some setbacks) the American posture in the world. But

now one feels the ground shifting underfoot, a grinding of the tectonic plates.

"We're at the end of an Eisenhower period," says UCLA Political Sociologist Jeffrey Alexander, "and we're moving into something not unlike the 1960s. The 'era of good feeling' that Reagan presided over is ending, and people are ready for the next cycle of history, for a new period of activism and social change." But as Alexander well knows, the future never merely recycles the past. The nation cannot return to federal taxing and spending on a Great Society scale. Most candidates in 1988 will focus wistfully on new ways to engage Government, business and labor in projects to solve problems and help people. It will never again be the all-daddy Government of the New Deal, they say, but neither will it be the shrunken Reagan version. "The swing is away from what you could call the laissez-faire approach of Ronald Reagan to one that takes a more active, compassionate approach to those in true need," says Republican Mayor William Hudnut of Indianapolis. "It is a ground swell gaining force."

Reagan has been a master of public symbols. He worked an alchemy of nostalgia and hope, visions of the past and the future collaborating. He gave the people reassuring images of a mythic American past—the Olympic torch, the tall ships, the Statue of Liberty, the heroes in the visitors' gallery on State of the Union nights. Tom Sawyer come back to life as a yuppie—a sweet, virtuous America recrystallized by Reagan after the traumatic changes of the '60s and '70s. Reagan gave Americans the idea of a future as spacious as their past.

Some of the new American imagery is very different. It suggests something closing down, a darkness crowding in at the margins. One sees not the sunshine of Reagan's American morning but touches of Thomas Hobbes. The gloom probably is just as exaggerated as the earlier optimism. But the encroaching new images are haunting: homeless people on heating grates; the ominous national debt and the spectacle of Japanese managers moving into the American heartland to show Americans how to run things profitably; the AIDS epidemic, which is becoming an important and menacing presence in the 1988 campaign.

Another powerful image: Wall Street millionaires arrested for insider trading and taken off in handcuffs. Not long ago, the "go for it" mentality of untrammeled capitalism was a virtue in the culture of Reaganism. Now that culture is being questioned. The Rambo story, which was a cartoon of Reaganism's individualist machismo, has been discredited by the escapades of Oliver North. The enduring ghost of Viet Nam returns not in the cretinous revenge fantasies of Sylvester Stallone but in *Platoon*, a movie that confronts the ambiguous mess and tragedy of America's mission in Viet Nam. The show that has captured

Broadway is *Les Misérables*, with its themes of suffering and redemption, and the injunction "Look down!"—meaning look down upon the poor, the homeless. The injunction of the Reagan years has been "Look up!"—to success, to wealth.

And of course there are the dark images of the Iranian fiasco: the President's men skulking around, with cake and Bible and guns, on ventures so goofy as to seem unguided; the tablets of Valium that Robert McFarlane swallowed. The Iran affair destroyed Reagan's nimbus of immunity, subverted his magic. His political authority derived from the idea that Ronald Reagan believed certain simple things profoundly, with an incorruptible candor. He would bob his head, in the way he has, and smile and say, "Here I stand; I can do no other." Martin Luther washed up on the beaches of Malibu. But the Iran affair carried Reagan over into a strange, other dimension where both his candor and his principles proved corruptible, where his powers seemed to fail. It is a powerful irony that for all the differences, the Iran affair smacks of Watergate, in the sense that the abuse of the highest power undoes the king (the highest power manipulated by little knights, stupid and zealous). That one of the most beloved American Presidents should have found himself in danger of recapitulating the fates of Richard Nixon and Lyndon Johnson is American political theater edging toward the Shakespearean.

An odd effect: Reagan's powerful connection with the American psychology now takes on a negative charge. In a way that would have seemed inconceivable not long ago, op-ed writers venture to speak well of Jimmy Carter. One senses uneasily a return of the world Americans thought they had left behind when Carter went back to Plains, Ga.

"Wise men have remarked on patterns of alternation, of ebb and flow in human history," writes Historian Arthur Schlesinger Jr. in *The Cycles of History*. Emerson observed that "the two parties which divide the state, the party of Conservatism and the party of Innovation, are very old, and have disputed the possession of the world ever since it was made.... Innovation is the salient energy; Conservatism the pause on the last movement." But that can be tricky. Reagan in his way was no conservative and was something of an innovator, who tried, with limited success, to reverse deep-rooted Government traditions going back to the New Deal. In any case, Emerson also observed that "every hero becomes a bore at last."

What is the essence of the change that is now occurring in America?

In part it is a return from the long vacation of the Reagan years. Americans coming back from the picnic of restored nationalism and morale, a necessary pause, to discover that the old problems are still there, only in some ways worse now. The

"People are ready for the next cycle of history, for a new period of activism and social change."

AMERICAN CYCLES Historian Arthur Schlesinger Jr. suggests that there are 30-year cycles of American history that swing between eras of liberalism and conservatism—periods he calls Private Interest and Public Purpose.

Private Interest  **Public Purpose**  **President's party**
Republican  **Democrat** 





Americans had a suspicion that Reaganism had gone too far in trying to rescind the compassionate functions of Government.

Indian summer was lovely, but the weather turned cold: Provide, provide! That holiday was paid for by more than doubling the national debt, to \$2.2 trillion. Time to look for new ideas, time to move beyond the era of self-congratulation and beer-commercial patriotism. America cannot afford stupidity. It costs too much in the world. Education therefore must have a priority, and not just through more money; it needs discipline and imagination. America can no longer afford racism and a neglect of the underclass. They also cost too much. These are problems that must be solved not only as a matter of social justice (which they are) but as a question of America's long-term economic survival.

The moral ecology of American politics is altering. Issues that figured in the Reagan revolution—family values, school prayer, abortion, pornography—remain powerful. But some of them will be in collision with problems such as AIDS, homelessness, racism, toxic waste, business ethics, nuclear disarmament and the national debt—a more public agenda, one that veers somewhat away from religion.

The change now occurring is emphatically not a simple pendulum swing back from conservatism to New Deal liberalism. The change is more complex, more interesting. By the end of the '70s, Americans understood that from the '30s on, the welfare state had grown almost unrestrained. The left-leaning populism that bashed Big Busi-

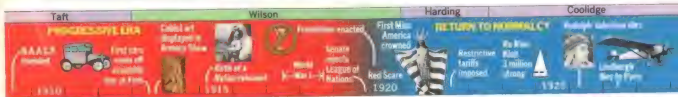
ness gave way to a right-leaning populism, one that produced tax revolts like California's Proposition 13.

That anti-Government mood prepared the way for Reaganomics and drove a wedge between the poor and the middle class. Americans in the middle detected something askew in the Government's social policies. Reagan played upon the middle-class intuition that some basic unfairness was loose in the garden of the dream. (Reagan was wise enough to know that the dream existed still and needed tending.)

"Welfare" was at least one of the things wrong. It meant a morality of entitlements, people getting something for nothing. It meant the unfairness of ordinary people paying the bill for the noblesse oblige of an elite. The Great Society eventually became institutionalized, even when the nation's economic growth flattened out and the middle class began losing ground. That dissonance helped to create Ronald Reagan. Americans bought the Reagan solution: cut welfare programs, or at least slow their rate of increase, to strengthen defense and give people more to spend through tax cuts. Says Daniel Yankelovich, the public opinion analyst: "They were uneasy about doing so because they suspected that millions of poor people would get hurt, but they accepted the Reagan approach because they agreed that something was badly amiss with the liberal theory of Government-backed entitlements. But Reagan's personal 'goodness' seemed to guarantee that it was not a Scrooge-like thing to do. As long as Reagan was credible, his solutions were acceptable."

Even before the Iran-contra affair, Americans had a suspicion that Reaganism had gone too far in trying to rescind the more generous work of Government: cutting Aid to Families with Dependent Children, for example, and federal funds for housing while running up the military budget from \$134 billion in 1980 to \$266 billion in 1986. (Although as a percentage of the gross national product, non-defense spending has declined very slightly and is still more than double defense spending.) The dream of salvation—"Get the Government off the backs of the American people and release the energies of free enterprise"—may not have been given enough time to work, but, in truth, it was never an agenda that took deep root anyway. Says Kevin Phillips, the Republican political analyst: "In the 1986 election, you saw the desire around the country for candidates who could make Government work, for defining some Government roles. It was flowing from parts of the country where people began thinking, 'Hey, we need something from Government after all.' It was coming primarily from areas dependent on mining, timber, agriculture, energy, textiles, steel. They stopped thinking of Government as something that just took care of muggers and Detroit welfare mothers, the whole conservative rhetorical syndrome."

In a new poll for TIME by Yankelovich Clancy Shulman, people were asked whether Government spending should be increased, decreased or kept the same for various public needs. More than 70%



said that funds should be increased for health care to the poor and the elderly, for cleaning up the environment and for aid to the homeless. Given a choice of spending more for the military or more for social programs, respondents preferred the social programs, 69% to 23%. More than three-fourths of those surveyed said Government "should play a more active role" in such areas as health care, poverty, housing and education. Most surprising of all, 60% said they would "support increased spending for social programs even if it would require an increase in taxes" (see box).

The results, though compelling, may also say something about the mood swings of the American public. Only two years ago, these same people might have said that you cannot solve problems by throwing money at them. "Americans have always expressed ambivalent desires about the role of Government," says California Pollster Mervyn Field. "We ask, Why doesn't the Government just get off our backs? And then we demand, Why doesn't the Government do something about this? Today, in several ways, the Government is off the public's back. Taxes are down. Inflation is down. Interest rates are down. But at the same time, our polling data show growing public anxiety about both the national and the local economies. The layoffs are hitting close to home. So are the growing numbers of the homeless. More people are now asking, Why doesn't Government do something about this?"

The Reagan revolution is not, of course, just going to evaporate. In part, it arose out of inescapable forces: a sense that Government had bloated out of control, that it was time for a period of unabashed good spirits and confidence after an era of gloom and self-doubt. "Reagan has significantly changed our attitude toward Government, away from looking toward Washington to solve our problems," says Field. A new form of Reaganism, possibly even under Democratic auspices, will have to cope with that legacy after Reagan is gone. Few Americans want to return to the Great Society style of welfare. The nation can no longer afford that kind of grand buffet, if it ever could. So the instinct for a new compassion, a word that is often heard these days as a signal of recoil against the meannesses of Reaganism, comes abruptly up against hard realities.

If Reaganism has now and then been perceived as social Darwinism, the idea that the sleekest beast with the sharpest teeth is the fittest to survive (Ivan Boesky in the skin of a panther), the new emphasis, among Republicans as well as Democrats, is upon the practice of a kind of governmental "tough love," an aggressive compassion designed to end dependencies and get people self-sufficient and back to work as quickly as possible. In the 1980s there is an acute awareness of the nation's economic limits and of the intractability of many problems.

The current push for welfare reform, led nationally by New York Senator Daniel Moynihan and Arkansas Governor Bill Clinton, is the best



example of this approach. It is based on two truths: that unconditional aid leads to long-standing dependency and that the impoverished children of this nation cannot merely be abandoned. The new approach—being tried with some success in states such as Massachusetts, California, New Jersey and New York—is to require recipients to enter training and job-placement programs. In some of the proposals, the Federal Government would become the employer of last resort.

In Chicago, Aileen Zimberoff Bayard is one of the growing number of people returning to social activism but demanding "more bang for the buck." As Bayard says firmly, "People don't tolerate giveaways anymore." In 1985 Bayard and several friends started the Entertainment Action Team, whose mission is to "end hunger in Chicago through self-sufficiency." Says she: "It makes such a difference to me that I'm doing something. The team is one example of how young, socially minded people are rewriting the Reagan message." The team is auctioning off part-ownership of an Arabian horse to raise money for a café that will be a restaurant-training program for homeless teenagers. "We want to teach them job skills," says Bayard. "Our group believes people want to help themselves. We're saying, 'Money doesn't solve the problem.'"

Such programs, which owe something to Reagan's long emphasis on volunteerism, usually

In a nation proud of its economic comeback, the spectacle of people sleeping on grates frays the conscience.





More than three-fourths of those surveyed say Government "should play a more active role" in such areas as health care.

stress the idea that compassion is best implemented through cooperation of governments, businesses and private citizens. "We are really apolitical," says Bayard. "Fat government is the problem."

At the state level, social programs are being seen as an investment in the future. In Colorado, for example, a powerful issue in last November's gubernatorial race was how to handle an expected \$434 million windfall in state tax revenues caused by federal tax reform. While the Republican nominee promised to return the money to taxpayers, Democrat Roy Romer proposed to spend it on education, highways, water projects and industrial development. He won. Says he: "I asked people, 'What's more important to you, another \$18 in your pocket right now or a job for your kid when he finishes school?' The public support for state-government investment in the economy and education is rooted in fear about where the economy is going."

In Kansas, a fortress of Reaganism, the state legislature seems to be moving leftward as the farm crisis persists. Says Richard Larimore, recently retired administrative assistant to the minority in the state senate: "The pendulum is swinging back and is already approaching the middle. In Kansas, this will probably be the last big legislative year for major economic-development programs because people are figuring out that that means giving money to the wealthy."

For years, starting in the late '60s with Lyn-

don Johnson, successive American Presidents have used inflation, foreign borrowing and other devices to avoid coming to terms with some fundamental problems in the nation's economy, especially the runaway spending on middle-class entitlement programs (like Social Security), the falling productivity of some industries and the resulting failure to compete in the international markets. Americans have indulged themselves in a certain denial of reality. Increasingly, however, they suffer from what is called a "cognitive dissonance" between the nominal economy and the real economy. In other words, they cannot figure out why so many are losing their jobs while 11 million new jobs have been created since 1981, why the stock market soars to record highs, and thousands of new businesses are launched every year while thousands go bust.

It would be ironic for Americans to lose their faith in a free-market economy at the very time that the rest of the world, including even socialist countries, is looking forward to the forces of market incentives and entrepreneurship. In many respects the American economy is remarkably solid, with a respectable if not spectacular growth rate of around 3% projected for 1987 and an unemployment rate significantly lower than that in most other industrialized countries. But economic reality in America is complex and contradictory. Yesterday's boom regions, like the Southwest, are suffering while yesterday's depressed areas, like the Northeast, are booming. Thirty-one states, mostly in the heartland of the nation, are in recession. Mothers and fathers know that the industries in which they have worked all their lives will not provide middle-income jobs to their daughters and sons, who may of course make their fortunes as junk-bond traders or software geniuses, but are far more likely to find "hamburger jobs" and drop into the minimum-wage sector of an increasingly bottom-heavy economy.

If Big Government was the villain of the Reagan cycle of American history, the bête noire of the new may be Big Business. In 1979, according to the pollster Lou Harris, 69% of Americans gave corporate America a favorable rating. In 1986 only 35% rated corporate America favorably. "Clearly," says Harris, "the mood about business has turned negative on a massive scale."

This swing has been spurred by the insider-trading scandals, which find considerable resonance with Americans. Says Pollster Field: "The public doesn't distinguish between Wall Street and Big Business. I see Big Business becoming a target in 1988." Deputy Treasury Secretary Richard Darman, one of the intellectual turbines of the Reagan revolution, masterminded last year's successful push for tax reform. He has attempted to formulate a conservative populism that would save the Reagan Administration from being inextricably tied in the public mind with Big Business and Wall Street. Darman has used the term corporocracy to describe the bloated management of U.S. corporations that have resisted becoming more competitive. "Big Government isn't





The emphasis is on "tough love," an aggressive compassion designed to end dependencies and get people self-sufficient.

anomaly of Jimmy Carter, who came to Washington campaigning against Big Government, just as Reagan did four years later.

What is the legacy that Ronald Reagan leaves? "The Reagan revolution," observes Political Analyst Richard Scammon, "never moved as far as many on the left feared it would, or many on the right hoped it would." Just so. In American governance, the pendulum rarely makes radical swings. Change generally comes by evolution, not by sudden transformation. The only radical changes, the elections of Lincoln and F.D.R., for example, occur at times of severe national stress.

"The main achievement of the Reagan Administration," argues Norman Podhoretz, the neoconservative editor of *Commentary* magazine, "has been to move the country in a different direction, which was much more consistent with traditional American constitutional, legal and cultural values." Podhoretz distinguishes between the actual performance of the Administration and the general direction in which Reagan tried to move the nation. He has always approved of Reagan's intentions, but thinks he fell short in the performance.

After a half-century, Reagan sought to steer America on a course away from the New Deal. And yet, in doing so, he more than doubled the national debt. He was unable, or unwilling, in a term and a half to tackle middle-class entitlements, such as Social Security, Medicare and wildly excessive farm-support programs. Reagan bequeaths that burden to future Presidents.

The legacy of Reagan the great American imagist lies as much in the realm of the symbolic as in the area of hard accomplishment. One of his great achievements was to restore the morale of the American people for a time, just as he restored—for a time—a faith in the institution of the presidency and in the idea of presidential

leadership. He persuaded the American people that their optimism was once again valid.

The nation in the next few years will be groping toward a new definition of itself. Now a new generation comes to power. Those marked by the formative experiences of the Depression and by World War II will leave the stage. The generation of the baby boom, which was formed by the Viet Nam era, will begin taking over.

Each party is now struggling toward its candidate, its theme. The task is harder for Republicans, who are reluctant to break abruptly with Reagan and Reaganism. Still, Congressman Jack Kemp tries to stir a "sense of activism" with ideas for a flat tax with a low rate and "enterprise zones" to bring businesses to depressed areas. Vice President George Bush, who now must ease judiciously out of the Reagan shadow and establish himself as his own man, told *TIME*: "There will be a reordering of priorities, and it isn't inconceivable, in the future, that there will be more emphasis [on Government's role]. I do think there is a certain feeling [concerning] tolerance, compassion, understanding, caring. I think there's a reawakening in those areas." Robert Dole, in his latest speeches, stresses the need to combine conservatism and compassion.

Gary Hart, the Democratic front runner, declares, "For all practical purposes, we have entered the post-Reagan years." But he knows that the Democrats "won't win by default, or because of some historic trend or tide. We must offer some concrete alternatives to the laissez-faire philosophy of this Administration and to its militaristic foreign policy." Most of the Democratic candidates are cautious about criticizing "militarism," for fear of being tagged anti-defense, and even more cautious about advancing big-spender ideas: the national deficit is already ruinous. Hart talks about a "more important role for Government, not necessarily a larger one." Joseph Biden is somewhat more inspirational, evoking generational memories of John Kennedy and Martin Luther King Jr. and constantly quoting a hymn: "And he will raise you up on eagle's wings/ and bear you on the breath of the dawn..."

Only Jesse Jackson preaches the old-time religion, a classic populism of the left. Trying to expand his coalition of the dispossessed, middle-class workers and distressed farmers, Jackson calls unashamedly for large increases in programs for education, health and public housing.

Some Democrats delude themselves that they can ignore Reagan's legacy and return to the old Democratic practice of tax and spend, as if it were still 1964. At the California Democratic Convention at the end of January, the public address system blared *Happy Days Are Here Again*, and many delegates sank into a liberal nostalgia, dreaming of a redistributed American pie. Clinton Reilly, a moderate Democrat and political consultant, listened to the rhetoric and shook his head. "One reason for Reagan's success," he said, "is that he appealed to the self-interest of the middle class. If Democrats don't learn to make the same appeal, if they only talk about the needs of the poor and don't include the middle class, they're going to lose again."

The Democrats last year recaptured control of Congress because they fielded better candidates, but also because they were more finely tuned to people's thoughts about what the Government ought to be doing. The Democrats were well in control on Capitol Hill by Christmas.



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With the Administration weakened, the party leaders swung into place the long-deferred Democratic agenda, items thwarted during the Reagan years: education, job training, increased research for AIDS and health care. Says Democratic Hopeful Gephardt: "I don't think people care about Government or no Government. They're willing to use Government if it is part of the solution. People want things to be solved. They want the Government to make airlines safer, to find a cure for AIDS, to prevent more Boesky's."

To be successful in the next phase of American politics, candidates and parties must come up with specific, tough-minded solutions to well-perceived problems. It will take great sifting and discipline. The recent congressional override of Reagan's veto of the clean-water bill suggested hearts in the right place (the public considers clean water a necessity, not a luxury, and is willing to sacrifice for it) but minds not yet tough enough to resist temptation (the bill was a nice display of logrolling).

A bill for emergency aid to the homeless was passed by Congress last month. That was not tough-minded either, since the \$50 million to be spread around the entire country can hardly solve

the problem. But the symbolism was important. In a nation that prides itself on its economic comeback from recession, the spectacle of people huddling around trash-can fires is ethically embarrassing. One makes five or ten serious moral choices (give money, pass them by, what?) on the way to work, and as many coming home, and the conscience at last is frayed. Says Massachusetts Governor Michael Dukakis, another Democratic presidential aspirant: "The conscience of the nation is beginning to be troubled. People in every city see the homeless lying around on grates, even a few blocks from the White House. And they wonder. Does this have to be?"

In the beginning, America was a blank page, in Tocqueville's phrase: no history, all potential. Today America, the oldest continuous political system in the world, has a full page of history and heavy debts to pay. The campaign of 1988 could be one of the more interesting and important in recent history. There is no incumbent; neither party has an obvious heir apparent. The nation will perform the very American act of reimagining itself.

—By Lance Morrow,
Reported by Laurence I. Barrett/Washington and
Lawrence Makin/Boston, with other bureaus

The generation of the baby boom, which was formed by the Viet Nam era, will begin taking over.

The Public's Agenda

Despite six years of effort by the Reagan Administration to reduce the Federal Government's role in American life, a large majority of people still insist that Washington should be deeply involved in keeping the U.S. healthy, well housed and well educated. According to a poll taken for TIME by Yankelovich Clancy Shulman,* 77% of the public feel that in the future the Federal Government should play a more active role in such areas as health, housing, education and help for the poor. And 60% of those questioned—including 49% of Republicans—say they would support increased spending for social programs even if it meant paying more in taxes. Most critical, 56% of Americans now say they would prefer having a President in 1988 who would spend more on social needs, while only 33% would like a President who would keep such spending at current reduced levels.

Fewer than one-third of those surveyed (31%) still support increased Government spending for the military, and 69%—including 55% of Republicans—say they would spend more on social programs than on the military if they had to choose between the two. Public opinion has changed on this issue as the Reagan Administration has fulfilled its mandate: in the last year of the Carter Administration, 78% favored spending more for national defense.

The public is not entirely pleased with the Administration's tighter spending policies. The poll found that 62% of Americans are aware that there have been cutbacks in some social programs during the Reagan years; 61% of the public disapprove of them.

*The survey of 1,014 adults was taken by telephone Feb. 17-18. The potential sampling error is plus or minus 3%.

Republicans are more ambivalent, with 44% approving of the cuts and 44% disapproving. Large majorities now favor increased Government spending on health care for the elderly, nutrition programs for mothers and infants, housing for people with low or moderate incomes, more loans and grants to college students, cleaning up the environment and reducing acid-rain pollution. At the same time, those surveyed are cool toward additional spending on food stamps and the space program, with only about a third favoring increases in these areas and about the same number wanting to hold spending about where it is now.

More than a third of those surveyed want to cut spending on the President's Strategic Defense Initiative, although 49% want spending increased or kept the same. In October 1986, at the time of the Reykjavik summit, public approval for Star Wars stood at 64%.

Americans are still generally satisfied with the overall state of affairs in the country: 60% say things are going well, a drop of only two points since last September. The percentage

of those citing the economy as a major problem dropped dramatically, from 50% of those polled in September 1985 to 33% today, as inflation and interest rates have withered and stock prices have leaped to record highs. Nor is there widespread concern about the federal deficit: only 12% of the people polled now consider Government spending a major problem, in contrast to 22% as recently as September 1985. For all the public attention drug abuse has received, only 9% cite it as a particular worry.

A great concern for Americans is the nation's schools: 56% agree that U.S. education is poor, and 49% say educational standards have become worse. Fully 65%, meanwhile, favor giving "substantially higher pay" to teachers to improve the schools.

Should Government spending be increased, decreased, or kept the same?

	Increased	Decreased	Kept same
Health programs for the elderly	78%	2%	18%
The environment	73%	5%	19%
Aid to the homeless	71%	5%	21%
Health services for the poor	71%	5%	22%
Nutrition programs for mothers and infants	55%	6%	34%
Reducing acid-rain pollution	54%	11%	25%
Low- and moderate-income housing	54%	11%	32%
Loans and grants to college students	52%	15%	29%
The food-stamp program	33%	24%	36%
The space program	33%	27%	34%
The military	31%	25%	38%
Star Wars	23%	35%	26%

World

NICARAGUA

Coping with The Contras

As Congress wavers, Sandinista confidence grows

Sunrise was more than an hour off, and most of Managua was still asleep when the bombs exploded. "The earth moved," recalled Sergio Cano, a laborer. "We thought the gringos had started bombing." The blast in the Nicaraguan capital signaled neither an earthquake nor an armed invasion from the north but an unusually bold *contra* attack on an electrical tower. While residents slumbered in the dusty neighborhood of Domitila Lugo, rebels had scaled the high-voltage pylon and placed explosives on the metal crossbars. The explosion shattered windows and broke dishes in nearby homes, but no one was hurt. Indeed, electrical service was not even interrupted, and the tower remained standing.

Still, it was the first time in more than four years that the *contras* had struck at a target within the city limits. Muffled though it was, the attack delivered a warning that complemented the stepped-up rebel activity in the Nicaraguan countryside: the *contras'* urban offensive seemed to have begun. Sandinista officials promptly blamed the Reagan Administration. Trumpeted a banner headline in the daily party organ, *Barricada*: IT COULD HAVE BEEN A MASSACRE. In Washington, officials had quite a different reaction to the bungled strike. "They went all that way, got the charge wired in, then they screwed it up," moaned an Administration official. "These guys are like the gang that couldn't shoot straight."

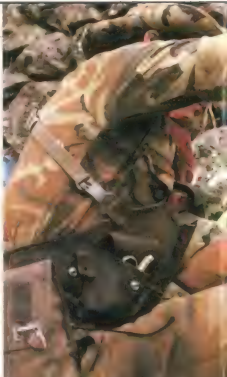
Two days later the U.S. Senate, by a vote of 52 to 48, narrowly defeated an attempt to cut off the \$40 million remaining of a \$100 million aid package appropriated to the *contras* last year. "This is no Administration victory," warned Majority Leader Robert Byrd. "This is an alarm bell." Coming one week after an anti-*contra* House vote on the \$40 million, the close Senate vote reaffirmed that Congress is in no mood to humor President

Reagan by approving more money for the rebels. The Administration had been cautiously planning to stall until next fall on its request for \$105 million in new *contra* aid. Last week, however, U.S. officials said the rebels will need additional funding well before then. The Administration plans to push for new appropriations before the summer recess.

At this point it is difficult to imagine a successful outcome for the Reagan Administration. The *contras* have yet to make an impressive military showing, have managed to pile up a dispiriting record of human rights abuses, and have earned a reputation for internal squabbling. Last week Congress found new cause for concern in reports that the CIA is providing the *contras* with detailed information on targets inside Nicaragua, including maps and blueprints of bridges, dams and other facilities built by U.S. agencies in the 1960s and 1970s. Legislators may find such involvement perilously close to the kind of CIA activities that led to a cutoff of congressional funds in 1984, after U.S. agents mined a Nicaraguan harbor.

Ironically, Congress seems to be running out of patience with the *contras* just as the rebels are finally beginning to look like a fighting force. By the Sandinistas' own count, the rebels have infiltrated 5,000 men into Nicaragua (the *contras* claim closer to 7,000) since U.S. aid began flowing again last October. Freshly armed and newly trained, the rebels are currently keeping some 60,000 Sandinista soldiers engaged in the northern and central departments. Statistics kept by the Sandinista People's Army allege that rebels and government troops clashed 330 times during a recent five-week period, taking the lives of 71 soldiers, 358 *contras* and 15 civilians.

Nicaragua's comandantes believe the army can readily handle the military threat posed by the *contras*. "We expect we will have mercenaries in Nicaragua for a long time, but we have made many



Binding up the wounds of battle: near the Honduran



A bandoliered rebel



A resettlement center in the southeast

advances in cutting their social base." President Daniel Ortega Saavedra recently told TIME. "They are now a weakened, reduced force." The President's younger brother, General Humberto Ortega Saavedra, the Defense Minister and an increasingly visible member of the Sandinista directorate, concurs. Of last week's attack in Managua, he says, "They have moved to this kind of activity because they have no political program. But this erodes their credibility. They can wear us out, but they will not take power."

Such statements reflect a new confidence on the part of the Sandinista leadership. Until now it has been standard practice to downplay rebel attacks, so as not to enhance the *contras'* standing inside Nicaragua. The admissions that *con-*



border, a government soldier assists an injured comrade after a skirmish with the insurgents



Tending the coffee crop: few workers find they can live on their take-home pay

tra disruptions are taking place suggest the comandantes no longer feel intimidated either by the rebels or, for that matter, by the Reagan Administration. For years the comandantes steadfastly denied that they paid attention to Washington's every move. Now they are less bashful. President Ortega, for instance, candidly admits that he watches U.S. television newscasts daily, and has followed the Iran-*contra* scandal closely.

For the people of Nicaragua, however, there is little cause for optimism at the moment. The five-year war effort has badly battered the economy. As much as 60% of the country's budget is now committed to defense, and the remaining funds are sorely mismanaged through a combination of inexperience, corruption

and political rivalries. Last year, as runaway inflation neared the 800% mark, wages remained frozen, making it virtually impossible for workers to live on their take-home pay. Government bureaucrats at the clerical and technical levels make an average of about \$20 monthly. Not surprisingly, such conditions have given rise to a thriving black market.

As the official economy has virtually ground to a halt, the illegal underground economy has boomed. Isidoro López (not his real name), a mechanic by trade, moonlights on weekends as a smuggler. Most Saturdays he sets out from his home in Managua and drives northeast to Tierra Azul, at the war-torn center of the country. On the way out, his Fiat station wagon is jammed with plastic cups, bat-

teries, kerosene, cigarettes and other contraband found in local markets. On the way back, the load includes hens, beef and lard. In Managua, where meat and eggs are all but impossible to find, he makes a healthy profit. If López were caught, he would face fines and a prison term. But patrolling soldiers either look the other way or buy illegal goods from him. Under normal circumstances, López considers himself a law-abiding citizen. But he is also a husband and father. "You have to defend yourself," he says. "Otherwise, you're sunk."

More distressing to Sandinista officials is the rise in corruption. Last year, for example, at least \$100,000 in medical equipment and supplies, including microscopes, hospital sheets and prescription drugs, was stolen from the national health system by employees and patients. A typical ploy is to feign illness, procure medicine, then sell it on the black market. "It is wrong, but we all do it," says a medical technician in the western city of León. "There is no way someone can live on \$8 a month."

The wounds of war are not only economic. To destroy the *contras*' support in the countryside, the government has resettled thousands of peasants since 1984. Residents in the southeastern Nueva Guinea area have been particularly hard hit lately. The government admits to having resettled 500 families since mid-January but claims that the continuing exodus is voluntary. Some say Nueva Guinea has become a region of nomads.

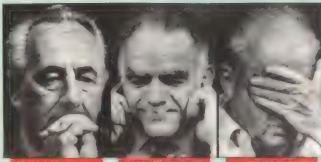
The war effort and an ongoing state of emergency declared by the Sandinistas have meant increasing repression for the Roman Catholic Church and the internal political opposition. Erick Ramírez, president of the Social Christian Party, was briefly jailed last January for organizing the families of political prisoners. Ramírez faults the war for the crackdown on civil liberties. "Without the counterrevolution," he says, "the government would have no excuse to bother us." A high-ranking church official is less forgiving. Says he: "If the *contras* are eliminated, life will be much worse for us here."

In recent weeks the Sandinistas have renewed their peace offensive. After initially rejecting a regional peace plan put forward by Costa Rican President Oscar Arias Sánchez, the Sandinistas have tentatively signaled their interest. The reason for the change of heart is not clear, but it undoubtedly does not hurt that the draft plan has dropped the repeated U.S. demand that the Sandinistas negotiate directly with *contra* leaders. In May President Ortega will join four other Central American Presidents in Guatemala to discuss the proposal. Although the U.S. Senate has endorsed the thrust of the plan, the Sandinistas do not expect a cease-fire anytime soon. That, they believe, will be possible only after Ronald Reagan leaves office.

—By Jill Smolowe
Reported by Ricardo Chavira/Washington and Laura López/Managua

הפאטורל: הכללית ההחלטות

כולם מחפיים על כולם



Front-page treatment: satirical photo montage of Peres, Shamir and Rabin in Yediot Aharonot

ISRAEL

Brothers with Blood in Their Eyes

In Jerusalem, U.S. Jewish leaders wade into the Pollard fray

We've been on the battlefield for Israel too long for anyone to throw that crap at us." That was the reaction of Hyman Bookbinder, 71, a long-time leader of the American Jewish Committee, to Israeli criticism of U.S. Jewish leaders in the wake of the painful case of Jonathan Jay Pollard, 32, the American intelligence analyst was sentenced to life imprisonment earlier this month as an Israeli spy. Few could remember a previous dispute that had produced such tension between Israel and its closest friends in the U.S. But then, as Morris Abram, chairman of the Conference of Presidents of Major American Jewish Organizations, said on Israeli television, "We never expected that an American citizen would be spying for the state we love."

In spite of the unprecedented flak he was getting from the 65 U.S. Jewish leaders who visited Israel last week, Prime Minister Yitzhak Shamir still insisted that the Pollard affair had been a "rogue" operation undertaken without the government's knowledge. Two weeks ago, the Israeli Cabinet reluctantly appointed a two-member committee to investigate the case, but failed to give it the power to subpoena witnesses. Last week the committee appeared to be near collapse after an attorney for three Israelis implicated in the case advised his clients not to testify. In the meantime, a second official inquiry, conducted by the Knesset's intelligence subcommittee, was reportedly making progress in secret session.

The Pollard affair has led to renewed criticism of Shamir and his Labor partners in the national unity government. Foreign Minister Shimon Peres and Defense Minister Yitzhak Rabin. One newspaper, *Yediot Aharonot*, published photos depicting the trio under the caption "Everyone covering

up for everyone." In *Ha'aretz*, Commentator B. Michael wrote that the spy case, along with the Israeli role in Iran, was part of a pattern in which Israeli leaders have taken the position that "We did not know, did not hear, did not see, did not report, and we are not responsible."

Other Israelis lashed out bitterly at U.S. Jews for failing to stand up for the Pollards. One broadside, published in the *Jerusalem Post*, came from Political Science Professor Shlomo Avineri, a former director general of the Israeli Foreign Ministry. Addressing U.S. Jews, Avineri declared, "When the going gets tough, your leaders react like trembling Israelis in the shtetl, not like the proud and mighty citizens of a free democratic society... America, it now appears, may not be your promised land." Days later the *Post* reported that U.S. Senator David Durenberger had said privately that the Pollard affair may have had its roots in a 1982 decision by CIA Director William Casey to recruit an Israeli to spy on Israel, thus setting a precedent for espionage between the two countries. Israeli officials denied the story, and Durenberger later

The Prime Minister with Morris Abram
A dispute with "the state we love."

characterized his remarks as "speculation." The CIA refused to comment.

Attacks like Avineri's enraged many U.S. Jewish leaders. They felt that Israel should never have exploited an ardent young American Zionist and should now show far more awareness of U.S. feelings. Said Bookbinder bluntly: "Pollard is a criminal found guilty in our system of justice, it's as simple as that. If it was perceived in America that we had come to the defense of Pollard because he's a Jew, our credibility as a Jewish community would be down to zero overnight, and Israel would be the loser." In Washington, the staunchly pro-Israel *New Republic* called the Jerusalem government's behavior in the Pollard affair "morally unworthy and politically stupid," adding, "If the smart-asses in the corridors of Israeli power think, as one commentator recently put it, that Israel is a 'Teflon nation,' they may be in for a shock."

At the very least, the U.S. expects the Shamir government to fire the two Israelis who are believed to have played important roles in the Pollard affair. One is Colonel Aviam Sella, 41, an air force hero who was Pollard's "handler"; last month Sella was named commander of one of Israel's most important air bases. Similarly, Rafi Eitan, who masterminded the Pollard spy operation, was named chairman of Israel Chemicals, the country's largest government-owned company. Washington also wants Israel to return the 360 cu. ft. of American intelligence documents that Pollard stole from the Naval Investigative Service in Suitland, Md., where he worked. The papers covered a wide range of highly sensitive subjects, from Arab nuclear facilities to Soviet surface-to-air missile capabilities.

So far, the Israeli government has resisted U.S. pressure. Moreover, many Israelis are concerned about the fate of Pollard and his wife Anne Henderson-Pollard, 26, who this month was given a five-year prison sentence. An Israeli organization called Citizens for Pollard managed to collect \$10,000 for the couple's defense fund. In addition, there were unconfirmed reports, subsequently denied by the Pollards' lawyers, that Israel had quietly paid about \$75,000 of the Pollards' legal fees of about \$400,000.

Throughout the week, both Jerusalem and Washington took tentative steps toward repairing the damage. The Reagan Administration allowed Army Secretary John O. Marsh to make a previously scheduled trip to Israel. The Shamir government, reacting to pressure from Congress, announced that it would not sign new military sales contracts with South Africa, although existing commitments would be unaffected. But the impasse over the Pollard affair was far from over. Declared a Western diplomat in Tel Aviv: "The Israelis have to understand that Washington wants blood." —By William E. Smith, Reported by Roland Flamini and Robert Slater/Jerusalem

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But thanks to his doctor, he could also
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Whether you have a mild, intermediate or severe case of genital herpes, you should see your doctor to help gain new control over your outbreaks—especially if you haven't seen your doctor within the past year.

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Right stuff at the ready: American-built F-16 fighter jets lined up at a Pakistani air base

PAKISTAN

Knocking at the Nuclear Door

A key ally confirms that his scientists can build the Bomb

Long before neighboring India detonated its first and only "peaceful nuclear explosion" in 1974, Pakistan's then President Zulfikar Ali Bhutto vowed that his nation would develop the capacity to make atomic weapons even if the effort required its citizens to "eat grass." Bhutto did not live to make good on that pledge. But the man who deposed him and ordered his execution, Mohammed Zia ul-Haq, took it just as seriously. Last week, after years of doubtful claims that Pakistan's nuclear research program was not aimed at building weapons, Zia acknowledged with surprising candor that his country has achieved the means of doing precisely that.

In an interview with *TIME*, the President declared, "Pakistan has the capability of building the Bomb. You can write today that Pakistan can build a bomb whenever it wishes. Once you have acquired the technology, which Pakistan has, you can do whatever you like." Zia added, however, that Pakistan still has no actual plan to make nuclear weapons.

His assertion nonetheless makes Pakistan a potential ninth member of the nuclear club.* And it confirmed wide-

*Nuclear arsenals are maintained by the U.S., the Soviet Union, Great Britain, France, China and probably Israel and South Africa. India claims to have no nuclear stockpile.

spread reports that within the past year Pakistani scientists had acquired or learned how to produce all the components of an atomic bomb, including a nuclear triggering device and weapons-grade uranium. Zia insists that Pakistan has not yet manufactured enriched uranium—an assertion that is doubted by some observers, including U.S. Ambassador to Pakistan Deane R. Hinton. Indeed, Zia seemed to imply that Pakistan could produce a bomb within a month, a deadline that most scientists consider would be difficult to meet unless weapons-grade uranium was on hand (see interview).

Pakistan's announcement that it can "go nuclear" at any time it chooses presents sharp dilemmas for its neighbors and allies. In New Delhi, the government of Prime Minister Rajiv Gandhi has come under pressure from conservative politicians to start building nuclear weapons. Relations between the long-time rivals on the subcontinent are already tense. Last week, following an angry standoff involving some 370,000 Indian and Pakistani troops that began in January, the two nations' forces began withdrawing from the Rajasthan sector of the border, continuing a pull-back agreement worked out late last month. But the incident has left both sides edgy.

Pakistan's new capability also puts the U.S. on the spot. For years Washington has warned Islamabad against developing nuclear arms. In 1979 the U.S. cut off military and economic aid to Pakistan. When Jimmy Carter offered to restore some assistance following the Soviet invasion of neighboring Afghanistan, Zia contemptuously told the ex-peanut farmer that the funds would not be missed because they amounted to "only peanuts."

An Interview with Zia

*President Mohammed Zia ul-Haq met with *TIME* New Delhi Bureau Chief Ross H. Munro last week at the presidential mansion in Islamabad. Dressed in the traditional shalwar kamiz—a loose shirt and pants—and a woolen waistcoat, Zia spoke of current Pakistani concerns in straightforward, unemotional terms. Excerpts:*

On the purposes of nuclear technology. You can use it for peaceful purposes only. You can also utilize it for military purposes. What's the difficulty about building a bomb? We have never said we are incapable of doing this. We have said we have neither the intention nor the desire. I will say that Pakistan has not enriched its uranium above the normal grade level required for peaceful purposes. I give an assurance that Pakistan is not indulging in a nuclear experiment for military purposes. I am responsible for honoring that commitment.

On India-Pakistan relations. Both sides wish the relationship was happier. This is not the reality.

It is not in the interests of India and Pakistan to go to war. But you cannot rule out another confrontation, whether it is deliberate or not.

On U.S. aid. The aid package will get through, God willing. I am confident about this because Pakistan and the United States have interests that coincide at this very moment in this very important strategic situation, and the U.S. will not overlook those interests. I think the U.S.—the Congressmen, the Senators—will look to the higher national interest rather than Pakistan's tidily-widely nuclear program.



The President

On Soviet withdrawal from Afghanistan. Before the Soviet Union pulls out, it must have an assurance of a stable Afghanistan. Whoever is there cannot afford to be hostile to the Soviet Union. But there can be no compromise or solution around the present, known Communist personalities. There has to be somebody else. But if you ask me who, I want nobody and will suggest nobody. The pressures have led the Soviets to open a dialogue, and they want to get the maximum advantage from it. They are good bargainers. But they have not yet taken a hard decision as to when to withdraw.

World

BRITAIN

Sugar Bowls and Election Fever

A generous Conservative budget foreshadows an early vote

"Budget day" in Parliament is always tinged with politics, a time when the government's Chancellor of the Exchequer tries to sweeten his economic plan for the coming year with at least a spoonful of sugar. But last week, when Chancellor Nigel Lawson arrived at the House of Commons with his 25-page bud-

get, he brought along an entire sugar bowl. In a somber, 59-minute speech, Lawson cut taxes, pared government borrowing and placed Prime Minister Margaret Thatcher in an excellent position to call national elections as early as June.

In a package that he said "errs on the side of prudence," Lawson announced a drop in the standard income tax rate, from 29% to 27%. By shrinking the government's borrowing plans from \$11 billion to about \$6.4 billion for the forthcoming fiscal year, Lawson predicted that mortgage and other interest rates would fall. And in an omission designed to appeal to working-class voters, the Con-

servatives held back additional taxes on alcohol, cigarettes and gasoline. Labor Party Opposition Leader Neil Kinnock denounced Lawson's presentation as a "bribes budget," charging that the plan "has little to do with the general good and everything to do with the general election." Leaders of the Alliance, a union of the Social Democratic and Liberal parties, were no less critical. Said Social Democratic Leader Dr. David Owen: "The Chancellor talks a lot about prudence while handing out the goodies." But even Thatcher's most bitter enemies cannot deny that the economy is rebounding smartly. Consumer spending rose by 5% last year, while inflation simmered at a low 3.4%. The output of the once sickly manufacturing sector is up by 5%. The government even predicted last week that the 11.9% unemployment rate would fall below 3 million by July, which would be the first time that had happened since 1984. But both opposition politicians and some economists were skeptical of the claim, and noted as well that Lawson's tax cuts came about largely because record corporate profits and a surge in consumer spending combined to pour an extra \$8 billion in revenues into government coffers.

Until recently Conservative strategists were urging an October date for elections, which must be held by the summer of 1988. With the Tories' popularity soaring, however, the balloting could be moved up to June. A Mori survey published Sunday showed that if the election were held now, the Conservatives would win 39% of the vote, Labor 33% and the Alliance 26%.

An early trip to the polls is all the more attractive because of the disarray in the Labor Party, which has been battered by the divisive antics of its far-left wing and by its calls for unilateral nuclear disarmament. Kinnock will try to recover ground this week when he is set to meet with President Reagan in Washington and tell him that he supports keeping U.S. cruise missiles in Britain as long as U.S. Soviet arms-control talks continue. Meanwhile, Thatcher will burnish her foreign policy credentials when she travels to Moscow next week to confer with Soviet Leader Mikhail Gorbachev.

Some Laborites feel that the best they can hope for in an early election is a "hung" Parliament, with the increasingly popular Alliance holding the balance of power. But if the economy continues to improve, thus vindicating the redoubtable Prime Minister's tough policies, Margaret Thatcher may not have to call the moving vans to 10 Downing Street for at least another few years. —By Michael S. Serrill

Reported by Frank Melville/London



Looking ahead: Thatcher and Lawson

A case of good news for taxpayers.

get, he brought along an entire sugar bowl. In a somber, 59-minute speech, Lawson cut taxes, pared government borrowing and placed Prime Minister Margaret Thatcher in an excellent position to call national elections as early as June.

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In recent weeks there have been renewed cries in Congress to punish Pakistan for continuing to defy U.S. nonproliferation policy. John Glenn, leader of the movement in the Senate, warned last week that Pakistan's nuclear weapons-building capability "has the possibility of setting off a regional nuclear arms race."

American aid to Pakistan since 1981 has skyrocketed. The country serves as the arms conduit for more than 100,000 U.S.-supported *mujahedin* guerrilla fighters, who have had growing success recently in wearing down Moscow's forces. The Reagan Administration has proposed a new six-year military and economic aid package for Islamabad totaling \$4.02 billion. Not even Zia's flaunting of his nuclear card seems likely to stand in the way of its eventual passage by Congress. Pakistan's strategic value in providing sanctuary and support for the *mujahedin* is too high to put at risk by once again withholding aid. U.S. officials are also worried that an aid cutoff would spur Pakistan to start nuclear weapons production and possibly even drive Islamabad into some sort of accommodation with the Soviets.

Pakistan's geopolitical role is an expensive one. Soviet warplanes intermittently bomb targets in the northwest frontier province along the guerrillas' infiltration routes. In recent months Peshawar and other districts in the northwest have been plagued by terrorist bombings that are believed to be the work of KHAD, the Kabul regime's secret service, or its Soviet counterpart, the KGB. So far this year the attacks have already claimed 39 lives, compared with 146 throughout 1986.

Zia has pursued a negotiated settlement of the Afghan war in a series of meetings, sponsored by the United Nations, with representatives of the Kabul regime in Geneva. Moscow has indicated that it would be willing to accept a "national democratic" government that includes elements other than Communists. A key sticking point: the timing of a Soviet departure from Afghanistan after a cease-fire takes effect. The Soviets, who want time to disarm the *mujahedin*, are holding out for 18 months. Zia has asked the Soviets to leave within seven.

Any new Afghan government, Zia concedes, must "have credibility with the Soviet Union." But he insists that Kabul must also have enough credibility with the 2 million Afghan refugees living in Pakistan to draw them back home—and relieve Islamabad of the burden. Ambassador Hinton predicts that any new government in Afghanistan will be "very loose," with little central authority. Such an arrangement would also undoubtedly lead to an Afghanistan that is pliable to Soviet wishes. But on balance, Hinton says, "that would be a pretty good result."

—By William R. Doerner

Reported by Ross H. Murro/Islamabad

There is one a design we've



The cookie cutter. It's one tool Honda engineers have never used.

Stubbornly, they continue to rely on computers, wind tunnels and test tracks as well as their own clever ideas. Perhaps this explains why the Civic DX is not just another stamped-out, look-alike hatchback.

Instead, it has a clean, distinctive shape. A long roofline. A low hoodline. It is an advanced design that can only be described as very tasty.

On the inside, it seems as if there is more room than possible, a true engineering feat. There's generous headroom, front and back. Plenty of legroom, too. All four seats slide back and recline. So there's even room to stretch out.

The Civic DX also comes with a substantial list

approach to car never taken.



of standard goodies. But then, Honda engineers would consider anything less to be, well, half-baked.

There's an adjustable steering column. Adjustable headrests. A rear window wiper/washer. A 5-speed manual shift. Front-wheel drive. And under the hood is a snappy 1.5 liter 12-valve engine. Altogether, the Civic DX has more to offer than most hatchback cars.

That's just the way the cookie crumbles.

HONDA

Civic DX Hatchback



Sharpening the Swords of War

Communist determination stiffens, and hope for peace dims

One great hope of Corazon Aquino's ascension to power was that the Communist insurgents might heed her plea to disarm and join in the rebuilding of Philippine society. That hope got a lift when the Communist New People's Army agreed last December to a 60-day cease-fire, a first for the 18-year-old rebel insurgency. But the truce broke down last month amid bitter charges and countercharges. The Ministry of Defense estimates that at least 350 people have died since the fighting resumed. The violence often plays out in a lethal tit for tat. Last week, after government troops killed 13 guerrillas on the island of Mindanao, the rebels ambushed and killed 37 soldiers in two separate attacks. Meanwhile, a bomb ripped through the grandstand at the Philippine Military Academy in the resort town of Baguio. Since President Aquino was scheduled to attend a graduation ceremony there several days later, speculation abounded that she was the target. Though the N.P.A. denied responsibility, government officials suspected the Communists, disgruntled military officers or Marcos loyalists. At week's end, investigators were questioning four military men.

The resumption of fighting comes at an awkward time for the Aquino government. The Philippines is preparing for May 11 congressional elections, the first legislative balloting since Aquino took office last year during the popular revolt that toppled former President Ferdinand Marcos. Aquino has tried to regain the initiative for a truce by making a number of almost desperate attempts to get the Communists back to the bargaining table. The President has offered to conclude regional cease-fires and proclaimed a "full and complete amnesty" to rebels who lay down their arms in the next six months.

Her offers have been spurned by the National Democratic Front, the Communist-dominated alliance that bargains on behalf of the insurgents. The peace bids, scoffs N.D.F. Negotiator Antonio Zumel, are part of the Aquino administration's "soft tactics to countervail its naked sword of war. It is a sheer farce." Says Vicie Justini, the national spokeswoman for MAKIBAKA, a women's organization that is part of the N.D.F.: "Our view of what constitutes peace is not the same as Cory's. Peace can only come with social justice. So it is a question of whose ideas prevail, ours or hers."

Justini's political evolution is typical of how the Communist movement has spread through Philippine society. The daughter of a rich landowner on the island of



Deceptively gentle-looking: Marxist Justini
"I know the peasants and what they feel."

Negros, a Communist stronghold, she joined the rebels in 1973, when she was 17. Deceptively gentle in appearance, Justini was at first stirred by the nationalist opposition to the Marcos government's pro-American policies. Now a rigorous Marxism sustains her. After spending years in the jungle, she claims, "I know the peasants and what they feel. I have witnessed their suffering. In some ways I have shared it. The army backs the landlords. That is the truth. Cory is insincere."

Despite the tough words of Zumel and Justini, the Philippine Communist movement faces a number of nagging political problems that have grown from a

series of recent tactical errors. The party boycotted last year's snap election that led to the downfall of Marcos. Last month party bosses made another strategic mistake when they urged voters to sit out the plebiscite on the new constitution. The overwhelming vote in favor of the charter indicated the gulf that still separates the party from the great majority of Filipinos. Despite the N.D.F.'s rejection of Aquino's amnesty offer, the Communists are clearly undecided about further talks with the government. During the funeral of Jose Diokno, a senior government negotiator in the cease-fire talks who recently died of natural causes, the N.D.F. issued a statement declaring its "willingness to negotiate on [Diokno's] terms. He sought a principled compromise, not a surrender."

There is little doubt that Filipinos cry out for social justice in a country where in some provinces more than 70% of the population lives in poverty. The Communists claim to have both the ideals and the answers, but Aquino has tried to undermine that appeal with her own program. Recently she announced that many bankrupt firms once controlled by Marcos or his cronies would be sold to pay for a land-reform program.

Observers in Manila say the Communists cannot defeat the armed forces of the Philippines in the near future. The N.P.A. admits that only 10,000 to 12,000 of its guerrillas are combat ready. In addition, the rebels have no proven outside sources of supply. By contrast, the Philippine army consists of some 60,000 soldiers, of whom about 50,000 could be considered effective ground troops. Still, the ratio of government troops to guerrillas is only about 5 to 1, half the 10-to-1 ratio military experts consider necessary to defeat an insurgency.

The government's campaign has not been helped by Aquino's rocky relationship with her generals and her wavering on strategy. Last week, for example, she urged that paramilitary groups, including the 70,000-strong Civilian Home Defense Force, be immediately disbanded, then changed her mind the next day when the army complained. As in most guerrilla wars, the N.P.A. can choose the time and place of its attacks with virtual impunity. And unlike the smaller rebel forces, government units cannot live off the countryside, building effective social, political and economic relationships at the village level. Thus the long-term danger of the insurgency is more political than military. Army leaders believe the Communists have established a presence in nearly 20% of the country's 41,600 villages. Sooner or later a bloody showdown seems inevitable. Says Justini: "We had no expectations from Marcos, but we expected a lot from Cory. Our disappointment is a lot greater. Peace for the landlords is not our peace." —By William Stewart/Maria



Lethal tit for tat: N.P.A. troops train in Nueva Vizcaya province



In harm's way: the wreck of a partially sunken vessel rises from the Shatt al Arab alongside the besieged city

THE GULF

Life Among the Smoldering Ruins

Iranian firepower turns Basra into an urban wasteland

The desperate battle for the once thriving port of Basra, Iraq's second largest city, has become the longest and most crucial campaign in the 6½-year Iran-Iraq war. More than 20,000 Iranian troops and 10,000 Iraqis have died since Jan. 9, when Iranian Revolutionary Guards attacked Iraqi defenses along the Shatt al Arab, a broad waterway that forms the southern frontier of the warring nations, and advanced on Basra some ten miles away. The stakes in the fighting, which has settled into a ferocious standoff a few miles outside the city, could not be higher: an Iranian victory would demoralize the Iraqis and could topple Iraqi President Saddam Hussein, whom Iranian Leader Ayatollah Ruhollah Khomeini has vowed to crush. The global importance of the war was shown anew last week when the U.S. aircraft carrier Kitty Hawk moved to within striking distance of newly installed Iranian missile batteries that threaten shipping lanes in the Persian Gulf. Though Basra is usually closed to Western reporters, Dean Fischer, TIME's Cairo bureau chief, visited the devastated city last week. His report:

A menacing quiet fills the empty streets. Stray dogs and cats poke through the rubble of collapsed houses destroyed by Iranian 122-mm rockets. Here a shell has gouged a water-filled crater in the center of a once lovingly manicured lawn. There a shattered iron gate hangs limply from its hinges outside a small garage. An occasional car filled with wide-eyed Iraqi sightseers cruises the streets, but the passengers seldom stop. It is as if they are afraid the attacks will resume any moment.

Those fears are justified. Without warning, the stillness can be shattered by



the screaming blasts of shells launched from up to a dozen miles outside the city. Lasting between 20 and 30 minutes, the salvos light the sky by night and confine residents to their homes by day. If the attacks are aimed at swelling the tide of refugees who have already poured from the city, which has dwindled from more than 1 million residents in 1980 to about 175,000 today, they are amply fulfilling Iran's expectations. Says a Western diplomat: "Basra is basically inoperable."

The Iranians are clearly trying to break the city's will. Nearly every building along the section of the Shatt al Arab that flows past Basra has been damaged or destroyed. The beige façade of the deserted four-story Sheraton Basra is pockmarked with shrapnel and shell holes. During the intense bombardment in January and February, thousands of panicked residents abandoned their

middle-class brick homes near the water.

Beneath the onslaught, the city's piers lie idle. A major shipping center in calmer days, the port of Basra is now filled with stranded and rusting vessels. In the middle of the Shatt al Arab, formed by the confluence of the Tigris and Euphrates rivers, two cargo ships lie half submerged, the apparent victims of random shells.

Farther from the Iranian rocket launchers, a limited sense of normality remains. A few shops are open, and people walk the mostly empty streets. In the broken landscape of Basra, however, things may not be what they seem. Standing before a bungalow that she called home, Nazha Shouket Buny, 37, described herself as the only resident of her area who had not fled. "Basra is my city," said Buny, who was smartly dressed in a white sweater and brown skirt. "I am going to stay here." Yet her devotion to a district that lacked food, water and electricity seemed suspect. With Iraqi officials striving to put a brave face on the fighting, the government may have placed the woman in the deserted neighborhood to impress visitors with her resolve.

Signs of battle scar the road from Basra to Baghdad as well. A dozen immobilized Iraqi tanks rest beside the highway, some with gaping holes in their armor, others mere burned-out hulks. The ruined tanks are a powerful reminder of U.S. arms sales to Iran. Iraqi Foreign Minister Tariq Aziz attributes his country's equipment losses largely to American shipments of TOW antitank and Hawk anti-aircraft missiles to Tehran.

Even more harmful than the missiles, Aziz asserts, was the political signal that their shipment sent. Says he: "The Iranians must have drawn a conclusion that the Americans are not opposed to the installation of an Islamic puppet government in southern Iraq." Baghdad fears that Tehran wants nothing less than to establish just such a republic, with Basra as its capital. In the shadow of that threat, the desperate and desolate city fights for its life.



Pockets of normality despite the shelling

World Notes



Spiritual Influence: Fadhallah



Destruction from within: INLA members meet the press in Belfast



Warming up to Moscow: Kohl

LEBANON

Two Out, 23 To Go

Little good news comes out of Beirut nowadays, but last week the headlines offered some cheer. Saudi Hostages Bakr Damanhour and Khalid Deeb were freed, evidently thanks to pressure by Syrian President Hafez Assad. Damanhour, a cultural officer at the Saudi embassy in Beirut, had been held by an unidentified terrorist faction. Deeb, 23, the son of a security official in the Saudi capital of Riyadh, had been kidnapped in late January, apparently by the partisans of Islamic Jihad. The pair's good fortune raised hopes that the Syrians might secure the release of at least some of the 23 other foreigners, including eight Americans, who are being held in Lebanon.

Assad's influence in that troubled land has grown greatly since last month, when he dispatched 7,500 troops into West Beirut to restore order. Indeed, pressure to keep the hostages alive seems to be coming from all sides. The Revolutionary Justice Organization, which is composed of Shi'ite Muslim extremists, postponed plans last week to execute French Television Engineer Jean-Louis Normandin. The group had been warned not to kill him by both Syria and Shi'ite Muslim Cleric Sheikh Mohammed Hussein Fadlallah, the spiritual leader

of the pro-Iranian Hizbullah (Party of God). Said Fadlallah: "You cannot confront the policy of the French President by executing a kidnap victim."

YUGOSLAVIA

Comrades Take a Walk

Strikes are supposed to be impossible in a Communist state, but that did not prevent 11,000 workers from walking off their jobs last week in Yugoslavia to protest measures that have effectively frozen wages for public employees. The belt-tightening moves, which included a rollback of recent pay raises, began in February when Prime Minister Branko Mikulic tried to curb an annual inflation rate that approaches nearly 100%. The economic measures are so unpopular that even Communist Party officials criticized them, and some observers predicted further strikes when 3.5 million more workers are affected this month.

NORTHERN IRELAND

Dr. Death Goes to Rest

To his friends, the baby-faced Gerard Steenson, 29, a founder of the terrorist Irish National Liberation Army, was known as "Pretty Boy." But when he was buried in Belfast last week,

some recalled his other nickname: "Dr. Death." Steenson, gunned down as he and an associate drove through West Belfast, had been accused of killing at least half a dozen people over the past decade.

Steenson, the latest victim of a feud that has left ten people dead, was apparently murdered by rival INLA members. Founded in 1975 as an offshoot of the Irish Republican Army, the INLA began to be ripped apart by a power struggle late last year. With no end in sight, the vicious squabble threatens to destroy the band, a goal that until now has eluded authorities.

WEST GERMANY

A New Way Of Thinking

No one could ever accuse West German Chancellor Helmut Kohl of being unduly sympathetic toward Moscow, but as he began his second term last week, Kohl softened his stand. Speaking before the Bundestag, he noted that Gorbachev "speaks of a 'new way of thinking' in the Soviet Union" and added, "We take him at his word." Kohl also vowed to urge the superpowers to agree to the withdrawal of intermediate-range nuclear missiles from Europe.

Kohl's attitude reflects West German public opinion. In a recent poll, 67% of

the Chancellor's Christian Democratic Party voters said they believed Gorbachev's arms proposals were sincere. Aware that his words might cause concern in Washington and West European capitals, especially Paris, Kohl reiterated his commitment to the allies by saying, "There is no special German way to a solution."

EGYPT

Strange Signs And Portents

Relations between Muslim fundamentalists and Coptic Christians in southern Egypt have been less than neighborly in recent years. So the fire was fanned when rumors spread last month that Coptic troublemakers were spraying the veils of Muslim women with a mysterious substance that caused crosses to appear on the material. As the tale swept through several towns, mobs of Muslim youths went on a rampage.

Egyptian President Hosni Mubarak, who is concerned that the violence might mar next month's parliamentary elections, urged his countrymen last week to "use your heads" and ignore "rumor-mongers who would destabilize Egypt." Meanwhile, the Ministry of the Interior contended that the puzzling crosses were formed by dye stains in the synthetic fabrics used in Muslim dress.

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Honda		Benz		Mercury	
Nissan		Volkswagen		Buick	
Mazda		Audi		Oldsmobile	
Mitsubishi		BMW		Cadillac	
Isuzu		Porsche		Chevrolet	
Subaru		Saab		Ford	
Japanese Average 169		Volvo		Pontiac	
		Jaguar		Plymouth	
		Alfa Romeo		Chrysler	
		Peugeot		AMC/Renault	
		European Average 266		Dodge	
				Merkur	
				Domestic Average 268	

In the same independent nationwide survey,
owners of the 143 best-selling new 1985 individual models were asked
about problems with their vehicles. The most trouble-free car
of all was a Toyota.* The top four most trouble-free were Toyotas.
Six of the top ten were Toyotas. It's no wonder Toyota ranked #1. That's why
over 1,000,000 Americans bought new Toyota cars and trucks in 1986.**

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Economy & Business

Telephones Get Smart

With network intelligence, the old handset has become a computer

Roger Goldberger was relaxing at home after work when the phone rang. As soon as he answered, an unfamiliar voice blurted out a string of obscenities, then the caller hung up. Goldberger, a department-store manager in Harrisburg, Pa., calmly pressed *69 on his telephone, triggering an automatic return of the call. A phone rang; the same male voice answered. "You just called my house, and I don't appreciate what you said!" shouted Goldberger. The stunned teenager mumbled an apology and then asked, "How did you know it was me?" "It was easy," Goldberger replied. "My telephone is smarter than you are."

Telephones have come a long way in the 111 years since Alexander Graham Bell made the first call on his invention, summoning his assistant from an office down the hall with the words "Mr. Watson, come here. I want you." Today Bell might simply look at his telephone and say, "Call Watson." A torrent of new technology is turning the plain old telephone and its push-button heirs into sophisticated electronic instruments that are part phone and part computer. They can remember frequently used numbers, block out unwanted calls and listen to voice commands. Once available only to business customers, these "smart" telephone features are now being offered to residential customers.

When telephones are connected to new computer-controlled intelligent networks, their capabilities rapidly multiply. Executives separated by thousands of miles, for example, can now use their telephones to send documents to one another, swap computer data or hold video conferences.

The momentum of technological change will get a major boost this summer when the General Services Administration receives bids from suppliers competing for the contract to provide new long-distance services to the U.S. Government over the next ten years. At a cost of \$450 million for the first year, the job of linking 1.3 million telephones in 3,500 different federal offices in the U.S. and its territories will be the largest telephone project in history. Among other state-of-the-art features, the new system will provide Government

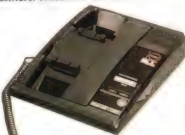
workers with the capability of holding video teleconferences and sending messages to one another's personal computer screens. The companies that win the contract may be in a position to set the standards for the phones of the future.

In an effort to win the competition, each of the principal bidders has formed an alliance with other big firms that can bring to the project expertise in large computer networks and other skills. AT&T has linked up with Boeing, which already operates a high-tech voice-and-data network for the National Aeronautics and Space Administration. MCI is working with Martin Marietta, the aerospace giant, and Northern Telecom, Canada's largest telephone-equipment manufacturer. U.S. Sprint has enlisted Electronic Data Systems, the data-processing subsidiary of General Motors.

The proliferation of telephone technology abruptly accelerated when the Bell System was broken up in 1984. Since divestiture, consumers have returned some

a call. Unmanned automatic models can dial a list of other phones and play a recorded sales pitch or other messages. A new, memory-equipped phone from Colonial Data Technologies dials a call when the name of the person desired is spelled on its keyboard.

Some phones come with voice-recognition devices that enable them to follow verbal orders. These phones have proved especially popular with drivers, who can make a call while keeping both hands on the wheel. Innovative Devices, of Santa Clara, Calif., sells a car phone that "listens" for about \$200. Once the owner has programmed up to 100 names, along with the corresponding numbers, he simply tells the phone to call George or Leslie.



70 million leased telephones to AT&T. Now they are buying equipment and services from companies as diverse as Sony, GTE and Panasonic. Today at least 60% of all telephones purchased in the U.S. have one or more sophisticated features. Says Christopher Jackson, a telephone expert at the Yankee Group, a Boston market-research firm: "The plain old black box is a relic of the past. People want their telephones to do something other than place calls and receive calls."

Some programmable phones can now memorize up to 100 numbers, so that users can dial just one or two digits to make



After a new voice-synthesizing adaptor goes on sale, phones may seem to develop their own crotchety personalities. Example: the phone might announce that "Norman Brown is calling." If the owner punches the code to reject the call, the phone will do the dirty work, politely informing Mr. Brown that the call has not been accepted.

The IQ of a phone dramatically improves when it is plugged into a telephone network with smarts. The intelligence is provided by special switching equipment running new software developed mostly by AT&T. The equipment has made a range of complex phone features available to about half a million homes in at least six states, from Indiana to New Jersey. The services are collectively known as Custom Local-Area Signalling Services, or CLASS.

Perhaps because it enhances privacy, call blocking is one of the more popular CLASS features. By punching a simple code into the phone, the user can program this service, which rejects calls from certain local numbers. To avoid having to talk to that former boyfriend or that pest of a salesman, the owner can direct the phone to generate a recorded message—some version of "I'm sorry, the party you have dialed is not ac-

cepting your call at this time"—whenever someone on the list tries to get through. Jeffrey Lipman, 35, a pharmacist in Harrisburg, Pa., has combined call blocking with another feature, known as distinctive ringing, which signals calls from selected numbers by trilling with a special tone. Now he can be sure to take calls from local hospitals and nursing homes—his biggest customers—while screening out those from certain pharmaceutical salesmen. Cost: \$7 a month for these and two other features.

One CLASS option—Ident-a-Call—can save lives. When equipped with this feature, a phone displays the caller's number on a small screen. In Atlantic City, N.J., employees at the Bally's Casino Hotel came to the aid of a heart-attack victim after the feature was programmed into the hotel's internal phone system last November. The guest had placed a desperate call to the front desk but could not stay on the phone long enough to give a name or room number.

High-tech phone services are not cheap, so some features may have limited appeal. Pennsylvania Bell charges \$5 a month for call blocking and \$3 every time a customer activates call tracing, which scans an electronic directory of phone listings in order to identify the source of a call. The cost may decline, however, as more users subscribe to the services. By 1990, about half of the more than 80 million U.S. households with telephones will have access to CLASS services.

Of course, new technology is always disconcerting, at least at first. At Chicago Kenworth, a heavy-truck dealer in suburban Markham, Ill., Accounting Clerk Luanna Domke shudders when she describes the arrival of the company's new Inter-Tel GX smart telephones earlier this month. Says Domke: "The first day, everyone was in a panic. People were saying, 'Oh, my God! What do I do with it?'"

The capabilities of phones will be dramatically enhanced when an entirely new transmission technology, known as the Integrated Services Digital Network, is put into place across the U.S. Currently, most phone service is based on analog transmission, in which voices and data are carried by ordinary electric currents. ISDN uses a dense stream of digital signals: 0s and 1s.

The chief advantage of ISDN, especially for businesses, is that it enables phone users to transmit voices, video

images and computer data along the same line simultaneously. In analog systems, separate lines are required for each of these functions. But with ISDN, callers can easily exchange documents, see each other and talk all at the same time. Moreover, ISDN will enable otherwise incompatible computer systems to communicate with one another. And greater amounts of data can be transmitted much more rapidly through ISDN than with analog equipment.

Working with Illinois Bell, McDonald's is now using ISDN technology to link its Oak Brook, Ill., headquarters with its Chicago regional office. Tenneco and Shell Oil will begin tests by early next year. To the consternation of the local and regional Bells, a few companies, including Westinghouse and the Travelers insurance firm, have installed their own ISDN internal systems. The Bells are concerned that they may lose some of their largest customers if more companies follow suit.

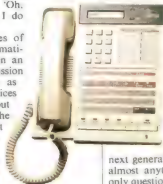
By 1990 ISDN is expected to be in-



stalled in most major urban centers. All the equipment in the Government's new phone network will be compatible with the new system. Households and businesses with older equipment will be able to place calls in the ISDN network, but special adaptors will be needed to take advantage of the system's enhanced capabilities, like simultaneously transmitting images and data.

As users master the new complexities of phones, they find that the gadgets save them time and energy. Businesses, in particular, report that high-tech phones increase productivity and cut travel costs by making it possible to meet and swap information by phone line instead of by airline. Says Gary Handler, vice president of network planning for Bell Communications Research, the engineering arm for the local telephone companies: "The telephone network of the next generation will be capable of doing almost anything the public wants. The only question is 'Is the public ready?'" If the speed with which smart telephones are appearing in homes and offices is any indication, the answer to that question is a resounding yes.

—By Janice Castro.
Reported by Thomas McCarroll/New York, with other bureaus





Jefferies in his Los Angeles headquarters: facing a possible jail term of as much as ten years

Serving His Clients All Too Well

Wall Street's spreading scandal fells a prominent trader

The identity of the financial community's latest fallen wizard, Boyd Jefferies, may have come as less than a rude shock, since the prominent Los Angeles stock trader was known to have dealt heavily with Arbitrator Ivan Boesky. But on Wall Street, where scandal is becoming almost routine, Jefferies' announcement last week that he would plead guilty to two criminal charges created a whole new sense of dread. For Jefferies was not charged with insider trading, as a dozen others were, but with other rule-bending practices that have become commonly tolerated. The case against Jefferies, based partly on tips provided by the chastened Boesky, demonstrated that the insider-trading scandal is leading Government investigators to a wider range of illicit stock schemes.

The case puts out of commission one of the main characters in Wall Street's take-over whirl. Jefferies' prosperous firm, which he started in 1962, specializes in trading huge blocks of stock outside the New York and American exchanges. His deals have often helped corporate take-over artists to amass their holdings. Last week Jefferies, 56, resigned as chairman of his company, agreed to stay out of the securities business for at least five years and said he would plead guilty to two felony counts that could bring him as much as ten years in prison. Jefferies was the only individual who was accused. Michael Singer, a former senior vice president who had been questioned in the case, was not charged.

The aggressive Jefferies built a reputation for going to extraordinary lengths for his clients. In one of the charges, the Government accuses Jefferies of purporting to own \$56 million worth of stocks that had actually been bought by a client, Boesky. In this illegal practice, called parking, Jefferies was allegedly holding the stock to cover up the identity of Boesky as the real owner. The scheme enabled Boesky to con-

trol more stock than was permissible under the Government regulation.

Perhaps the more alarming charge is that Jefferies helped a customer, unnamed in the Securities and Exchange Commission's probe, manipulate the price of a public stock offering. The stock, also unnamed but widely believed to be Fireman's Fund, was languishing last May in the days just before the insurance company's owner, American Express, was planning to offer more of the shares to the public. Jefferies is accused of briefly boosting the market price—and thus illegally rigging the price of the new shares—by buying blocks of Fireman's stock right before the offering. The New York Times, quoting lawyers close to the investigation, reported that Jefferies bought the stock at the request of Salim Lewis, a financier who has had business dealings with American Express chairman James Robinson. The SEC issued subpoenas to American Express and the two investment firms that managed the offering, Shearson Lehman Bros., which is an American Express subsidiary, and Salomon Brothers. None were accused of any wrongdoing. Robinson told TIME that he had also been subpoenaed personally, but said, "I absolutely and unequivocally deny any wrongdoing by me and, as far as we know, by anyone at American Express."

Potential criminal charges were not the only threat growing out of Wall Street's current scandals. Last week 40 of the partners who invested in Boesky's arbitrage firm filed the first lawsuit to seek damages from both the arbitrator and his investment firm, Drexel Burnham Lambert, because of its links to Boesky's ventures. One reason for naming Drexel: the investment firm has almost \$1.9 billion in capital, while Boesky's net worth has reportedly fallen below \$1 million. —By Stephen Koepf,

Reported by Frederick Ungheuer/New York and David S. Wilson/Los Angeles

Cold Feet

Fujitsu drops its Fairchild bid

A hornet's nest was stirred up in Washington last fall when Fujitsu, the Japanese electronics giant, proposed buying 80% of ailing Fairchild Semiconductor. Key Reagan Administration officials had serious worries about the sale of the California-based chip producer, which was to take place for an estimated \$225 million. Earlier this month Commerce Secretary Malcolm Baldrige went public with his opposition, hinting at national-security concerns and stressing the need to protect America's enfeebled semiconductor industry. Last week Fujitsu dropped its controversial merger plan even as U.S.-Japanese friction continued to rise over the issue.

The fuss over Fujitsu's marriage proposal was colored by wider U.S.-Japanese trade concerns. Schlumberger, the French oil-services conglomerate that bought Fairchild in 1979, had spent \$1.5 billion to prop up its subsidiary (estimated 1986 sales: \$500 million). No national-security alarms were sounded over Schlumberger's control of the semiconductor firm, which, among other things, provides components for U.S. supercomputers and ballistic-missile systems.

The real worry about Fujitsu's bid was economic. U.S. manufacturers feared that the Japanese behemoth (1986 sales: \$9.4 billion) would use Fairchild's U.S. distribution network to flood the American market with cheap microchip products. That view was underscored last week by a Commerce Department review that accused Japanese semiconductor producers of selling chips below market prices.

For his part, Fairchild President Donald Brooks now says the company's managers will buy control of the firm. He proposed cooperation with Fujitsu on technology development and manufacturing in the U.S. and Japan, as well as an exchange of rights for new and existing products. Brooks excluded Fairchild's distribution network from any such cooperation.

Having raised the specter of a foreign economic threat to U.S. security, however, Commerce Secretary Baldrige seemed reluctant to let the issue die down. Last week he called for a top-level Government review to decide on exceptions, where the "national interest is at stake," to a stated policy of unfettered foreign investment in U.S. business. The U.S. Senate also kept the microchip issue simmering. In a 93-to-0 vote, members passed a nonbinding resolution that urged U.S. retaliation against alleged Japanese violations of a 1986 agreement with Washington that was supposed to end unfair trade practices in the industry. Immediately after the Senate vote, Japanese officials warned representatives of local companies to avoid selling chips at unfair prices.



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Economy & Business

The Executive Suite Goes Traveling

Hotels try harder to lure the corporate customer

When business executives check into hotels these days, they quickly notice that the red carpet being rolled out is longer and plusher than ever before. Never has competition in the lodging industry been more fierce. As construction of new hotels has outstripped demand for rooms, average occupancy rates have dropped, from 70% in 1981 to a basement-level 65% last year. In that tough climate, innkeepers are going all out to woo the customers who account for more than 70% of all hotel stays: business travelers. Many of the major hotel chains are giving corporate clients an office away from the office by providing all sorts of executive services, from stenography and photocopying to personal computers and the Dow Jones news wire.

One of the hottest trends in the industry is the proliferation of all-suites hotels like Holiday Corp.'s Embassy Suites. Such accommodations generally consist of a bedroom and living room—den, with a television set and a telephone in each room. They are convenient for executives who need to work or conduct conferences in their rooms. Since 1984, Memphis-based Holiday has increased the number of Embassy Suites hotels from 26 to 75. Last week Hilton announced that it will build ten all-suites hotels by 1989, an investment of some \$200 million. Next month Ramada will open its first all-suites property in Pompano Beach, Fla. Ramada plans to build more all-suites inns as part of a substantial expansion of its chain, from 600 hotels to 1,000 by 1995.

These companies are plunging ahead with construction in the face of the industry's excess capacity, because many corporate clients now insist on all-suites establishments. Business guests like the suites for the desks and good reading light that are not usually available in traditional bedroom accommodations. The average occupancy rate of these hotels is nearly 70%, or about 6% higher than for all accommodations. The spacious suites are especially popular with women business travelers, who appreciate a room in which they can hold a meeting without sitting on the bed. While an average of 25% of hotel business guests are women, 35% of the corporate clients at the Embassy Suites chain are female.

In San Francisco, T.L.C. Suites (for tender loving care) T.L.C. on Nob Hill provides so many perks and useful items that its guests hardly need to leave the suite to hold meetings with colleagues, entertain clients and relax after hours. Each den has reference books and a desk filled

with such basic work materials as tape, scissors, stapler and an electric pencil sharpener. A small library of movies and music is tucked into a cabinet with a VCR and compact-disc player. The T.L.C. suites also have kitchens with dishwashers and well-stocked refrigerators.

Many older hotels that have mostly



At Embassy Suites in Dallas, a room serves as an office



Private dining at Radisson Plaza in Minneapolis



In San Francisco, T.L.C. Suites includes a VCR with the TV

The red carpet being rolled out is plusher than ever.

single rooms have set aside special office space for executives. A major part of the \$1 billion renovation now under way at the Hilton chain is the creation of business centers in most of its hotels. There, guests can use computer terminals, pick up business publications and check stock quotes on the Dow Jones financial wire. The Century Plaza Hotel in Los Angeles offers quick typing, photocopying and telex services and the use of a reference library at its business center.

Executives on the road have long been able to rent meeting rooms in major hotels, but most of the facilities were heavy on Formica and wood veneer, with little style to spare. No more. Traveling bigwigs can now hold meetings in many hotelries and feel as comfortable as in their company headquarters. At the Radisson Plaza in Minneapolis, executives can entertain guests in an elegant, glass-enclosed private dining room or conduct high-level meetings in a "board room," which is furnished with plush chairs around a polished hardwood conference table.

Most of the business-oriented hotels charge prices that would be hard to afford without an expense account. Hiltons typically run \$65 to \$125 a night, and the Radisson Plaza costs from \$98 to \$325. Many of the available services may cost extra. Guests at the Los Angeles Century Plaza, who pay \$130 to \$210 a night, can rent computers for \$10 an hour, typewriters for \$8 an hour and Dictaphones and pocket paggers for \$10 a day. Some hotels have taken a cue from the airlines by offering frequent-traveler incentives. Until the end of this month, customers who stay four nights in Omni Hotels get two week-end nights free, a value of \$150. In a contest for guests, Hilton is giving away \$1 million worth of prizes a day through April 30—ranging up to a year of unlimited travel on United Airlines or TWA.

Whatever frills they provide, many hoteliers realize that there is no substitute for personal service. At La Reserve, a 16-story all-suites hotel in White Plains, N.Y., employees will buy groceries and prepare a private meal in the suite for guests. In Manhattan, the Sheraton Centre provides separate concierge services in its upper-level Towers section, which is primarily used by business clients. But Angela Fullerton, assistant manager of the Towers, exceeded the normal bounds of hospitality for one guest who had come to town unprepared for harsh weather. Says she: "One cold night I gave a customer my coat so she could go out to dinner." Odds are that the gesture created not only a warm feeling but a repeat customer. —By Juwice Castro.

Reported by B. Russell Leavitt/Atlanta and Nancy Seufert/Los Angeles

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Economy & Business

Lights! Camera! Cut the Budget!

Independent filmmakers are stealing the scene in Hollywood

Did someone forget to inform Robert Townsend that a Hollywood picture costs serious money, like \$15 million? Why else would anyone have the nerve to launch a movie on a savings account of just \$20,000? For Townsend, the film's director and star, a strong entrepreneurial urge overcame weak financing. When the director's cash ran out, he simply started using his two credit cards. Then he applied for twelve more of them to pay for film, costumes, rental equipment and food. He even paid his actors by filling up their gas tanks and charging it. His artful dodging finally paid off when he showed a rough version of the film to Producer Samuel Goldwyn Jr., whose independent movie company decided to give Townsend the financial backing to finish and distribute the picture. Even so, *Hollywood Shuffle*, a satire about struggling black actors that opened last week in Manhattan and Washington, cost less than \$1 million.

Directors and producers with Townsend's kind of moxie are storming the film industry like the Bedouin warriors in *Beau Geste*. No longer do the seven major studios and several so-called mini-majors have a lock on what is shown in U.S. movie houses. More than 350 independent films were produced worldwide in 1986, an increase of nearly 60% from the previous year. While such independent cinema was once synonymous with exploitation pictures and artsy foreign films, the new wave of modestly budgeted movies is gaining widespread acceptance at the multiplexes in Everytown, U.S.A.

Filmdom's establishment has good reason to be envious, since independents are stealing the most prestigious scenes. When the Academy Awards ceremony takes place next week, the spotlight will shine on two independently produced films, *Platoon* and *A Room with a View*, which led the nominations with eight apiece. Last year the top acting Oscars went to *A Trip to Bountiful* and *Kiss of the Spider Woman*; both were the work of an independent studio, Island Pictures. The major studios left an opening for such films by sticking too long with expensive formulas calling for car chases, special effects and predictable stars. While those features have perennial appeal for teens, the baby-boom generation is developing a taste for movies about relationships and eccentric characters, films that often take less money but more ingenuity to make.

Yet when it comes to profits, the most successful independent movies would put many major-studio pictures to shame. *Platoon*, which cost \$6 million, has grossed \$93 million so far, while the \$3.5 million *A Room with a View* is expected to bring in more than \$50 million worldwide. Even so, independent productions

remain highly risky investments, since fully half of such films never find distributors willing to handle them.

Two of the fastest-rising independent companies are Hemdale, which started in London and moved to Los Angeles in 1978, and Cinecom, a four-year-old Manhattan firm. Hemdale, the producer of *Platoon*, quickly followed up with *Hooiers* this year, a much praised sentimental film about an Indiana basketball team. Cinecom, which backed *A Room with a View*, this month released *Swimming to Cambodia*, a \$485,000 movie that consists entirely of a monologue by Actor Spal-



Actor and Director Robert Townsend calls the shots during the making of *Hollywood Shuffle*. Short on cash, he paid his cast members by filling up their gas tanks and charging it.

ding Gray. While both companies have lately scored huge hits, their philosophy is to survive on modest successes by keeping costs low. Says Amir Malin, Cinecom's president: "The major studios have to make a tremendous profit to meet their overhead, so they go for the home run. We go for the singles."

The challenge of making movies on the cheap is to keep them from looking the part. Thus the scrimping goes on behind the scenes, where the cast and the crew forgo the usual Hollywood frills. Says Larry Jackson, head of production for Goldwyn: "We have only one hair-dresser instead of six. People share bathrooms. In many cases, you'll find actors carrying props." Moreover, big-name actors sometimes agree to work for reduced wages on small pictures they believe in. Says Bette Davis, who stars in *Alive Films' The Whales of August*, to be released in September: "What Jack Warner [of Warner Bros.] never understood was that if an actor is offered a really good part, he'll do it for next to nothing."

Rounding up the financing is half the battle, but independents are now finding many more sources. Filmmakers can often patch together their financing from advance sales to videocassette distributors, cable-TV channels and foreign exhibitors. Thus part of the procedure for upstart filmmakers is to hit the road with sample reels of their movies-in-progress, seeking to find buyers at film festivals and industry conventions all over the world. One independent, John Sayles, director of the 1984 hit *The Brother from Another Planet*, finances his own movies by grinding out screenplays like *The Clan of the Cave Bear* for major Hollywood studios.

In promoting their films, independents avoid the mass-market techniques employed by major studios. Instead, they aim for bargain exposure to specific audi-

ences. *A Room with a View*, for example, based on the E.M. Forster novel, was screened last year for a Chicago convention of English teachers, who were encouraged to use the film as a study aid for their students. *Waiting for the Moon*, a new film about Gertrude Stein and Alice B. Toklas starring Linda Hunt, will be screened for feminist groups and advertised in gay newspapers.

When independent filmmakers team up with major studios, the drawbacks of working for a big company suddenly hit home. Director Spike Lee, whose 1986 picture *She's Gotta Have It* earned \$7 million on a \$200,000 budget, recently caught flak from executives of Columbia Pictures, the Coca-Cola subsidiary that is distributing his current \$6 million movie. Reason: Lee's lead character was named Slice, which happens to be a brand of soft drink produced by rival Pepsi-Cola. The director reluctantly changed the character's name to Dap.

—By Stephen Koop.
Reported by D. Blake Hallinan/Los Angeles and
Joanne McDowell/New York

Business Notes



Harley's chairman and his wife get ready to roll



Worlds of Wonder and Hasbro team up



Rush hour on the runway at Chicago's O'Hare

AIRLINES

A Frequent Non-Flyer Plan

"We are going to do something about all this, and I mean now!" So said a determined Transportation Secretary Elizabeth Dole last week as she complained about an old, exasperating problem in the airline industry: frequent flight delays. At Dole's request and with the promise of immunity from antitrust prosecution, representatives of 45 airlines met for four days in the ballroom of Washington's Westin Hotel. They proceeded to re-write the summer flight schedules at sorely congested airports serving five major cities: Chicago, Philadelphia, Newark, Dallas and Atlanta. At Newark airport, for example, the airlines moved 13 of the 57 scheduled arrivals and departures out of the hectic 6 p.m.-to-7 p.m. time slot. Atlanta's notoriously busy Hartsfield Airport will benefit from a total of 203 schedule changes.

FINANCE

What's a Billion Among Friends

As the insurer of deposits in thrift institutions, the Federal Savings and Loan Insurance Corporation copes with the highest failure rate in the industry since the Depression.

But the FSLIC cannot survive many more weeks like last week, when it provided more than \$1 billion to the Federal Home Loan Bank of Dallas. The Dallas bank had made loans, which the FSLIC had guaranteed, to ailing savings institutions in the Southwest. When the lender had to set aside more collateral for the loans, the FSLIC had to come up with the shortfall.

The FSLIC now has \$1.5 billion in cash, down from \$4.6 billion at the end of 1985. That decline is sure to fuel congressional efforts to bolster the federal insurer's reserves. A bill that would provide the Government agency with \$12.5 billion during the next two years could pass the Senate as early as this week, and the House is working on similar legislation.

TOYS

G.I. Joe Meets Star Wars

Does General Motors tell Ford? Do Coke and Pepsi swap recipes? Maybe not, but two rivals in the toy industry are marrying their successful products in a surprising team-up. The unlikely allies: Hasbro, whose G.I. Joe toys have been best sellers for years, and Worlds of Wonder, creators of Teddy Ruxpin, the talking bear, and Lazer Tag, which was the rage last Christmas among youngsters and even denizens of college dorms.

This summer the companies will offer—zap!—the G.I. Joe-Lazer Battle. Like the original Lazer Tag, the \$29.95 Lazer Battle includes a plastic gun that shoots out an infrared light beam and a target worn on the body that makes a beep when hit by a shot from an opponent's weapon. Both parts will have the red-white-and-blue G.I. Joe logo. Worlds of Wonder, which will produce the set, wants its Lazer toys to start reaching the eight-and-under audience, where G.I. Joe's name holds sway. Hasbro, meanwhile, gets a 4% to 6% cut of the wholesale price.

COMPENSATION

Tin Parachutes For Little Folk

In recent years many companies have protected their top executives with golden parachutes—those infamously generous severance packages, sometimes running to millions of dollars, guaranteed in a hostile takeover. Now, more and more firms are offering similar, if more modest, payoffs to their rank and file who might lose their jobs in a takeover. Dubbed "tin parachutes," the payments sometimes reach 250% of an employee's annual salary. Webb Bassick, a partner at Hewitt Associates, a consulting firm, estimates that as many as 15% of all large public companies have such packages. Among them are

Mobil, America West Airlines and Diamond Shamrock, an oil conglomerate. Says Bassick: "It's refreshing to see companies looking at their moral obligation to employees"—and countering corporate raiders at the same time.

MANUFACTURING

The Comeback Of the Beast

The Harley-Davidson motorcycle, the beast of the roads, is again growling at the head of the pack. Four years ago, the sole remaining U.S. motorcycle manufacturer was skidding toward bankruptcy and was saved only because the Government slapped a steep tariff on big Japanese bikes. After a swift comeback, the Milwaukee-based firm was able last week to make an unprecedented move: it asked the Administration to drop the tariff. "When we needed help, the Government gave it to us, but we didn't need it anymore," said Vaughn L. Beals, Harley-Davidson's chairman.

Harley, whose heavyweight cycles are known as "hogs," has refinanced the company, modernized its plants and acquired a maker of recreational vehicles. Profits last year reached \$4.3 million, compared with a loss of \$25.1 million in 1982. Says Beals: "A bunch of American workers have shown that they can get their act together."

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You have probably been reading or hearing about a natural food substance called Beta Carotene. Newspapers, such as *The New York Times* and *U.S.A. Today* have been reporting on research findings published in leading professional publications on the association between Beta Carotene in the diet and lower incidence of certain cancers.

For example, *The New England Journal of Medicine** recently published a study done at Johns Hopkins University which showed a significantly lower occurrence of lung cancer in a group of people who had high blood levels of Beta Carotene. Based on these findings, it makes sense to eat foods rich in Beta Carotene. In fact, that is one of the recommendations made by the National Cancer Institute and the American Cancer Society.

Where can you find Beta Carotene? In dark green leafy vegetables like broccoli, spinach, kale, Swiss chard and greens from beets, collards and turnips. Also in yellow-orange vegetables like carrots, pumpkins, sweet potatoes. And fruits like apricots, peaches, papayas, cantaloupe and similar melons.

Including these foods in your diet isn't just another fad, it's a sound idea for anyone who is looking for ways to help reduce cancer risk. Remember, in addition to including plenty of fruits and vegetables in your diet, don't smoke and get regular medical check-ups.

*"Serum Beta Carotene, Vitamin A, and E, Selenium, and the Risk of Lung Cancer"
New England Journal of Medicine, Nov. 14, 1986.

Medicine

Is "Thucydides Syndrome" Back?

Toxic shock can be a fatal complication of flu

For centuries, historians and scientists have puzzled over the calamitous plague of Athens, which decimated the ancient city-state between 430 and 427 B.C. As vividly described by the historian Thucydides, himself a survivor of the illness, the plague attacked suddenly, causing "violent heats" in the head, inflammation of the eyes and throat, "reddish, livid" skin, extreme diarrhea and high fever. Historians agree that the epidemic, which killed the great statesman Pericles, contributed to the fall of Athens in the Peloponnesian War. But there is no agreement on its cause. Was it smallpox? Scarlet fever? Typhus? Measles?

A more exotic explanation was posed in the *New England Journal of Medicine* in 1985 by Dr. Alexander Langmuir, formerly chief epidemiologist at the Centers for Disease Control in Atlanta. Thucydides' description, Langmuir theorized, fit the criteria for influenza complicated by toxic shock syndrome. And although this peculiar combination of ailments had never been observed by modern physicians, Langmuir predicted that "Thucydides syndrome," as he called it, "may reappear," perhaps as part of some future epidemic of influenza.

The Delphian oracle could not have been more clairvoyant. In a recent issue of the *Journal of the American Medical Association*, doctors at the Minnesota Department of Health and the University of Virginia reported a total of 62 cases of suspected Thucydides syndrome—flu complicated by TSS. Nine of the cases occurred during a major influ-



An artist's depiction of the ancient epidemic

enza outbreak in Minnesota in the winter of 1985-86. One occurred in Roanoke, Va., and an eleventh case, in Oregon, has since been reported to the CDC. Like the Athenian scourge, the two-part illness was lethal: six of the patients died. Langmuir says the apparent fulfillment of his prophecy had him "blown over like a feather."

Though most U.S. cases of toxic shock occur in menstruating women, often in conjunction with the use of tampons, this was not true of the flu victims. Four of the eleven were males, and only two of the fe-

males were menstruating at the time they fell ill (both said they were not using tampons). The patients ranged in age from five to 56, but most of the deaths were among children. Says Dr. Kristine MacDonald of the Minnesota Department of Health: "There is some suggestion that younger people are more susceptible to TSS. As people get older, more of them have antibodies to protect them." Indeed, most adults are immune to the syndrome.

TSS is caused by a toxin-producing strain of the common bacterium, *Staphylococcus aureus*, carried benignly in the respiratory and genital tracts of perhaps one out of three people. Under certain conditions—a wound, some infections, the presence of a tampon or contraceptive sponge—the bacteria multiply. If the toxin-producing strain is present, such proliferation can lead to TSS. The symptoms are dramatic and develop quickly: high fever, a sunburn-like rash, severe vomiting and diarrhea, culminating in shock, in which blood pressure plummets and circulation deteriorates. Doctors usually try to head off this life-threatening condition by administering intravenous fluids with electrolytes, and sometimes drugs to restore blood pressure.

MacDonald speculates that the influenza virus can injure the throat or lungs in a way that favors the growth of *S. aureus*. Though the complication appears to be rare, it is urgent that doctors be aware of it, says TSS Expert Bruce Dan, in an editorial that accompanied MacDonald's paper. Early recognition and treatment of the syndrome "is the most important factor in being able to prevent fatalities," says Dan. "It behooves all physicians to be on the lookout for any influenza patient whose condition suddenly worsens."

By Claudia Wallis

Reported by Joanne Park/New York

Hair-Raising News

The turnout at last week's Food and Drug Administration hearing was unusually large, with many a gleaming pate to be seen in the crowd. The subject of discussion: minoxidil (brand name: Rogaine), the Upjohn Co. preparation that has given new hope to the balding and new vigor to the company's stock. Originally marketed as a treatment for hypertension, minoxidil, in liquid form, was found by 48% of the men in an Upjohn study to produce "moderate-to-dense" hair growth if applied twice daily. Dermatologist Robert Stern, who headed

an FDA advisory panel reviewing the drug, finds this a bit misleading. "Under the best circumstances," he says, perhaps 15% would see enough hair growth "to make a visible difference." His panel nonetheless recommended that the agency approve the drug, making it the first hair restorer to receive such an endorse-

ment. Those most likely to be helped by Rogaine: men under 30 with just one, small bald spot and plenty of money. A year's supply may cost about \$600.

Gene of The Week

Cystic fibrosis, cleft palate, muscular dystrophy, Alzheimer's disease, Huntington's chorea. The list of disorders that have been traced to a specific gene or gene region seems to grow on a weekly basis. The latest in this gene-of-the-week series: the discovery of a region on the X chromosome that is linked to manic depression, a mental disorder that affects as

many as 2 million Americans. The finding, published in *Nature* by an American and Israeli research team, was based on studies of five families in Jerusalem. It marks the second time in three weeks that a genetic site has been linked to this disorder. The earlier work, based on studies of Amish families, found a manic depression marker on chromosome 11. The discoveries of two separate genetic defects that can lead to the same disease "aren't necessarily contradictory but complement each other," says Dr. Miron Baron, who headed the team. "Together they support the belief that manic depression is a group of disorders with common symptoms rather than a single entity."



Stern with an interested reporter

Sexes

Romantic Porn in the Boudoir

The VCR revolution produces X-rated films for women (and men)

At a screening of a porn film, a female critic spotted something in the movie that offended her sensibilities. "Good grief!" she exclaimed, rising from her seat as bodies heaved onscreen. "Just look at those dirty sheets!"

That incident may not go down in history as a turning point in the fortunes of porn. On the other hand, maybe it will. Steffani Martin, who was one of five females among the 30 viewers at the screening that day in Manhattan, says it was a good example of the new female consciousness breaking in on the crude male world of pornography. Says Martin, now head of Womero, an X-rated film distributorship in New York City: "The female consumer is beginning to change porn films. She won't tolerate dirty sheets, low production values and creepy male actors with 37 gold chains around their necks. Women want cute guys who talk like real people and sex with some class."

Like the rough frontier males of the Old West eyeballing the first shipment of schoolmarm from back East, the porn industry (estimated annual U.S. sales: \$8 billion) is beginning to reshape itself to accommodate women. The pressure is largely an unforeseen by-product of the VCR revolution. Males who once trekked to sleazy inner-city theaters began to take porn videotapes home. Wives and lovers started to make their opinions felt, and their voices began to affect the market.

One lesson learned by the porn industry is that traditional female repugnance to porn can melt when the product is cleaned up a bit and presented at home, where the woman can feel safe and treat the movie as a prelude to lovemaking. Women account for perhaps 40% of the estimated 100 million rentals of X-rated tapes each year. "The VCR put porn where it belongs: in people's bedrooms," says an executive vice president for one porn house, Essex Productions of Chatsworth, Calif. "I never felt it belonged in theaters. People feel that in the comfort of their own homes, they are allowed to be a little wicked."

As a result, porn theaters and other sex emporiums—bookstores, peep shows and strip joints—have fallen on hard times. Manhattan had 121 such outlets a

decade ago. Now there are only 42 in all of New York City, and more are likely to close if the city moves ahead with its Times Square redevelopment. There are now about 350 porn theaters in the U.S., half the number of a decade ago. The remaining theaters have trouble getting new X-rated fare, since many, perhaps



Filmmaker Candida Royalle with two porn actors on a set in Manhattan

"Women like the buildup, the tension—Will it or won't it happen?"

most, "dirty" films are now shot on videotape and cannot be projected clearly on theater screens.

Sex magazines are declining too, under pressure from the Meese commission, churches, feminists and the easy availability of sex tapes. Says Detective Don Smith of the Los Angeles police department: "All the people now in video were making 8 mm or were in magazines. We're talking the same players; we're just seeing a change in the industry." The customer who cannot buy a soft-core magazine like *Playboy* at the local 7-Eleven can go next door and rent *Oriental Lesbian Fantasies* for the same price or less. And he may never go back to *Playboy*. Says veteran Pornographer Al Goldstein: "There's no way a magazine can compete with a tape when it comes to fantasy."

Porn-shop owners have kept a close eye on the coalition of religious and women's groups coalescing around the issue of exploi-

tation of children and women. As a result, nearly all of the most lurid fare, dealing with children, bestiality and torture, is gone from the shelves. Some stores have begun removing milder material on bondage and discipline as well, on grounds that the legal and political hassles involved are too much trouble for such minority tastes.

The new couples tapes have at least a vague story line, an interesting location and far more foreplay than films aimed primarily at male audiences. Conventional porn films were considered slow getting started if there were fewer than three or four sex bouts in the first ten minutes. Impatient males watching the new tapes for couples must put up with five or ten minutes of character and plot development before the clothes finally come off. Says Sexologist John Money of Johns Hopkins University: "Women are turned on more by the story line and men by the visual image, and that's a very basic sex difference."

Some producers are trying to lure women by making hard-core imitations of soap operas like *The Young and the Restless* or *Harlequin* romances. Says Bill Margold of West Hollywood, a longtime performer in and director of porno films: "The industry is trying to capture the soap opera, the romance novel. We're trying to capture admiration for the female." Says Money: "On network soap operas you get above-the-beltline love and guess the rest. On videos you get below the beltline but a romantic story line as well."

Romance is only one aspect of the new porn. Former Film Producer Marga Aubach of San Francisco says her movies "stressed equality and the idea that sex was for both women and men, not just men having sex with women." She says she received a lot of letters saying things like "It wasn't offensive or sleazy" or "I didn't feel the least uncomfortable when I was watching it."

Women in the porn industry are playing a role in modifying the product. Female stars, who once seemed willing to do almost anything onscreen that was not fatal, are now wary of mistreatment. Newcomer Barbara Dare (*Deep Throat Girls*, 10% *Weeks*), named the best new porn starlet of 1987 in two polls, says she will not take part in anal sex or bondage and subjugation.



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"There's a lot of bad stuff out there and a lot of beatings," says Dare. "I would never do that. I do couples films." Seka, a porn star who now directs and produces her own films, sees a "tremendous amount of change" because women are rising to positions of power in the field. One currently popular couples film is Candida Royalle's *Three Daughters*, which seems like a cross between *Debbie Does Dallas* and *The Waltons*. *Daughters* features three college-age sisters groping their way toward adult life, surrounded by randy and caring males, a warm emotional family and a good deal of expensive lingerie. The film cost more than \$70,000 to make, high by standards of the industry.

An endlessly languorous coupling between one of the sisters, wearing a teddy, and her piano teacher is decorously filmed at a distance. Whatever its impact on females, male viewers may think they are watching two tired high school wrestlers from a balcony seat. "It's beginner's porn," says Steffani Martin. "Sensitivity is wonderful, but it's not grounds for arousal," says Jim Holliday, a longtime porn maven who says he has watched some 7,000 X-rated films, and is the author of *Only the Best*, a new book about pornographic films. "I admire Royalle, but I personally don't find her films to be the least bit erotic."

Royalle's four films are considered the best examples of porn in the feminist style. The sex scenes flow from female passion and needs, not male lechery, and women tend to initiate the sex. In *Daughters*, the male leads are unrelentingly sensitive and determined not to dominate. When one of the three daughters gets a job in London, her boyfriend cheerfully changes jobs to follow her abroad. The youngest sister, after an endless series of chaste dates with a refined boyfriend, consummates the affair as the film ends. Says Royalle: "Women like the buildup, the tension—Will it or won't it happen?"

Royalle risked feminist wrath, however, by including a mild and playful bondage episode. She acknowledges that bondage and submission scenes, though high on the lists of female fantasies in sex polls, are "politically incorrect" with the women's movement. "Women do have these fantasies," she says, "but people are still so ignorant that they take them literally and think women want to be mistreated."

Though many feminists oppose all X-rated material, some seem willing to accept couples films, at least in principle. "If this porn is the new erotica that appeals to women, then I think it's terrific," says Gloria Steinem. Betty Friedan, a longtime opponent of censorship, says, "Any romantic, exploring, playful or humorous depictions of sex are O.K. with me." Women-oriented hard core will never eclipse the darker forms of porn, but as Porn Star Dare says, more and more people do not mind watching "things that couples would do when they get home."

—By John Leo, Reported by Scott Brown/Los Angeles, with other bureaus

Press

Newsweek/Thomas Griffith

Blaming the Customer

The American press can hardly be blamed for the Iran-*contra* scandal, since it deserves so little credit for unearthing it. It found the Iran story in a Beirut paper, while it had all but ignored Lieut. Colonel Oliver North's gallivanting around gathering arms and money for the *contras*. Yet after the big story broke, the press fell out of public favor, even if not as steeply as did Ronald Reagan. Dan Rather, for example, was rated high for believability by 40% of those questioned in June 1985 and by only 28% in a January Gallup poll.

Many have accused the press of devoting too much space to the story. Some have blamed bias, others the press's itch to sensationalize. In fact, because the story has thus far lacked Watergate's drama and turned on the accumulation of details, newspaper stories ran at such length that they came to be of interest primarily to scandal junkies. But the press was not so much overplaying the story as playing catch-up in doing its job. It took the Tower commission report to make the story big and clear again.

Looking back, some in the Washington press corps acknowledge that they had slacked off in frustration from pursuing stories of the Administration's bumbling and misdeeds. The public seemed either to ignore the stories or find them carping. Not only was the President immensely popular, he had made the country feel good about itself again. His aides had succeeded as no Administration had before in managing and staging the news so that Reagan would be seen in the most favorable light where it counted most, on nightly television. In a forthcoming book, *Behind the Front Page*, David S. Broder of the Washington Post describes how CBS Correspondent Lesley Stahl once put together a tough, critical piece illustrating White House hype, full of flags, balloons and children. She expected to be chided for it; instead, a White House aide said he loved it and asked, "Haven't you figured it out yet? The public doesn't pay any attention to what you say. They just look at the pictures." Stahl reviewed her report with the sound off and found that it looked like an unpaid political commercial.



Lesley Stahl

In some of the comment and columns out of Washington there is now a patronizing note of wretched-to-tell-you-but-you-wouldn't-listen. James Reston of the New York Times, dean of Washington columnists, has accused the American public of taking the Fifth Amendment, blaming everybody but themselves: "How could it have happened? What did the American people know and when did they know it? They knew everything from the start and did nothing about it. They like him because they're like him: well-meaning, optimistic, credulous, stubborn and a little bit dumb."

Elected politicians know better than to blame the customers. In fact, Reagan's precipitate fall in popularity suggests that people had all along known many of the weaknesses in a President they nonetheless liked. It is hard to decide which is more remarkable in their attitude: that they think Reagan is lazy and uninformed and tells lies or that they still approve of and like him. Their willingness to hold two such contrary opinions suggests a willingness to be as optimistic as he is.

The press too has some misdeeds to answer for, including the *New Republic's* irresponsible cover question, IS REAGAN SENILE? (Writer Gail Sheehy's answer, given inside, buried in much psychobabble, is Who knows, but not necessarily.) Reagan certainly did not appear senile at his first press conference in months as he edgily survived some tough questioning from a press corps long denied the opportunity. Since Iran-*contra*, a healthier shift in the relationship between press and President seems to be developing. The White House's ability to stage the news has declined without Mike Deaver, and the partisan hostility to the press is less evident without Pat Buchanan. The relationship of press to President is good when it is like a seesaw, which will not function right if one end is on the ground and the other high in the air, but works best when both sides are in rough balance.

People



Los Lobos rising: Perez, Lozano, Rosas, Hidalgo and Berlin on home turf

Their music is a tangy mix of rock 'n' roll, rhythm and blues and the bordertown corridors of their Mexican ancestors. **Los Lobos** (the Wolves to Anglos) are clearly a product of their East Los Angeles roots, but they deny that their songs relate only to Chicanos. "A person can live on the wrong side of the tracks in any part of the world," explains Drummer **Louie Perez**, who does most of the composing with Guitarist **David Hidalgo**. Los Lobos' fans certainly get the message. The group's last album, *How Will the Wolf Survive?* (1984), had critics raving. *By the Light of the Moon*, re-

leased in January, has already passed the 200,000 mark, and is still rising on the charts. The band—which also includes Guitarist **Cesar Rosas**, Saxo-



Golden child: Lama Osel in Dharmasala

phonist **Steve Berlin** and Bassist **Conrad Lozano**—sees even bigger things on the horizon. "There's been a lot of growth," says Perez. "And we're not done yet." That's no idle boast; that's a wolf howl.

Shortly before his death in 1984, Lama **Thubten Yeshe** confided to a Buddhist nun that he planned to reincarnate as the son of a Spanish woman he knew named **Maria Torres**. Less than a year later, Torres gave birth to a son and named him **Osel**, a Tibetan word meaning "clear light." Neither she nor her husband knew of Lama

Yeshe's intent, but when his disciples in Nepal began divinations to ascertain where the lama had been reborn, all signs pointed to Baby Osel. Last week Buddhist pilgrims from around the world gathered in the village of Dharmasala in the Himalayan foothills of India to witness a puja, or religious service, dedicated to the long life of little Lama Osel. The tow-headed two-year-old was alternately fascinated with his toy ambulance and reverentially solemn as holy offerings were bestowed on him. When he is eight, Lama Osel will enter a monastery, and is



Butcher: canine co-champs

expected to go to a U.S. college. Until then, Torres plans to raise her son "in a peaceful place of pure energy, away from pollution, in order to develop his mind quickly."

Alaska's annual Iditarod Trail Sled Dog Race is among the nation's most rugged sporting events, an Anchorage-to-Nome overland romp of 1,100 miles. Lately the master mushers have been women. **Libby Riddles** won in 1985, and last year **Susan Butcher** set a record pace with her victory. This year sick dogs forced Riddles to scratch on the sixth day, but Butcher, 31, came through,

They are the cold-sweat confirmation of your darkest fears. Murderous, malevolent or just plain nasty, they turn up when you least expect them—Yipes!—leaping out of the shadows or gloating behind a glinting blade. They are villains, and they live and love to be loathed. Or do they? As it happens, when you turn over a bad guy there is often someone who yearns to ride a white horse into the sunset. These days some of the best of the worst are big box office, and a lucky few have succeeded in escaping from their bad-guy reputations.

One of Hollywood's most menacing heavies, James Woods, 39, is a leader of the bust-out. Woods' craggy, hard-edged looks used to relegate him to playing psychotic cop killers (*The Onion Field*) and gangsters (*Once Upon a Time in America*). No longer. Next week he is up for a Best Actor Oscar for his jittery journalist protagonist in *Salvador*. Two weeks ago he appeared as POW Hero Jim Stockdale in the TV movie *In Love and War*. Woods has long railed against the "blue-eyed, walking surfboards" who are automatically chosen as leading men. Though he might be feeling that revenge is sweet, say-

ing so would be stereotypical. Instead he has taken the square-jaw approach. "Everything I've done is exactly what I would have chosen to do," he told the *Washington Post*, "and I'm getting better looking by the minute."

Another Oscar nominee for Best Actor has also crossed back over the River Styx. Willem Dafoe's chiseled cheekbones helped get him his first major role as creep-in-chief of a motorcycle gang in 1983's *The Loveless*; he was then condemned to a cinematic life of crime that included *Streets of Fire* and *To Live and Die in L.A.* For four years his agent worked to break the mold. Then Oliver Stone cast him against type as the sensitive Sergeant Elias in *Platoon*. "Now people see me as the opposite of what I was," he reports. "I used to be a bad guy. Now I'm a saint."

Actresses can be just as susceptible to typecasting as actors. Theresa Russell, 30, has seduced critics and audiences alike with her tantalizing portrayal of a woman who murders a string of rich spouses in the current hit *Black Widow*. Her villainy, after a variety of earlier roles, seems to have made her a star, but she is determined not

Russell: forswearing femmes fatales



crossing the finish in 11 days 2 hr. 5 min. 13 sec., nearly 13 hours better than her previous record. Butcher credits her speedy clip to clear weather and her lead huskies, Granite and Mattie. "I trained them all year," she says. "The dogs are half the race." In fact, Butcher



Gray: verbal visionary

has already earmarked most of the \$50,000 cash purse for canine supplies. That ain't mush, you huskies.

A man enters a room and, aided only by a pointer and a few maps, talks for 38 minutes about his experiences playing a small part in the movie *The Killing Fields*. Not exactly a premise for scintillating cine-

ma. Yet *Swimming to Cambodia*, a just-released film by Actor-Writer **Spalding Gray**, has turned out to be just that. Based on Gray's stage monologue and book of the same title, the mesmerizing piece has won comparisons with Richard Pryor's concert films and established the avant-garde performer as a bona fide star. Gray has already started to worry whether he will be able to maintain "horizontal fame," which he defines as "not shooting to the top but keeping the freedom to do several things at once." To wit: acting in another movie, finishing work on a new experimental theater project, beginning a novel and completing trips to Nicaragua and the Soviet Union as background for a monologue planned for early 1988. Oh, is that all?

She gives new meaning to the idea of getting off to a fast start. At eleven **Mandy Smith** won her first modeling assignment. Last summer, at 15, she was romantically linked to Rolling Stone **Bill Wyman**, 50. Now sweet 16 and with that relationship behind her, Smith is determined to become a model, singer and actress—or any combination of the above. She has recently recorded and released her first single, appropriately titled *I Just Can't Wait*, signed her first major modeling con-



Songs of experience: Smith enjoying the fruits of an early education

tract, with Guess jeans; and is said to be mulling over several film offers. Still, the ambitious British lass thinks her spin with the Stone hurt more than it helped. "I've had plenty of things offered to me where people ended up saying no because of my relationship with Mr. Wyman," she says. Now she hopes the time for yes has come.

that he wished to have the extravagant collection of jewelry he lavished on his **Duchess** melted down after both of their deaths. The duchess, however,



Windsor necklace

His decision to abdicate the British throne for an American divorcee in 1936 marked him as one of history's great romantics. So it was perhaps characteristic of the **Duke of Windsor**

was more practical. Next week, in accordance with her will, the spectacular sparklers will be auctioned off in Geneva for charity. Last week crowds lined up outside Sotheby's auction house in New York City to drool and dream over the collection, conservatively valued at \$7 million. Among the 300-odd pieces on display: an 18-karat-gold and diamond necklace, and a diamond-and-ruby bracelet that bears the inscription HOI D TIGHT.

—By Gay D. Garcia

to let femmes fatales become a bad habit. "After every film you always get about 20 scripts to do the same role again," says Russell. "I usually turn them down."

Memorably frightening in *Blade Runner*, *Nighthawks* and *The Hitcher*, Dutch Actor **Rutger Hauer**, 43, resists repetition by injecting such unexpected traits as irony and intelligence into his venomous alter egos.

"In a sense there is not really just good or bad," says Hauer, who next plays a hero on an NBC-TV movie, *Escape from Sobibor*. "In *Blade Runner* you have to ask yourself, who is the bad guy? [Harrison] Ford's character is supposed to be the hero, but he goes around killing in cold blood."

Of course, even for those mired in unredeemed rottenness, it is not all bad. If they are good, "bad guys never go hungry," notes John Ma-



Frightful Freddy

tuszak, 36, the former Oakland Raider desperado who now plays Neanderthal types in films like *Goonies*. "Let's face it," says Hauer. "It's fun to do the devil." No one is enjoying that fact more at the moment than Robert Englund, main shriek of the box-office smash *Nightmare on Elm Street 3: Dream Warriors*.

"Freddy is a hoot to play. I can be operatic and hammy," says Englund, 38, who has

appeared without his razor fingers and fright mask in such films as *Buster and Billie* and *Stay Hungry*. A dual identity has its risks, however. After a nap in his trailer one day, Englund was startled to wake up and see Freddy staring straight at him. "I forgot I still had my makeup on," says Englund of his mirror image. "I scared myself."

—By Gay D. Garcia. Reported by David S. Wilson/Los Angeles



Hero-Villain Hauer

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Religion



Roller-coaster life: Jim and Tammy Bakker with children at Heritage USA park last September

A Really Bad Day at Fort Mill

Evangelist Jim Bakker resigns from his Praise the Lord empire

"God has me on a roller-coaster ride," the Rev. Jim Bakker has often remarked. Through tumultuous financial ups and downs, the boyish-looking 47-year-old preacher has become a powerful star of Christian entertainment. His enterprises encompass the PTL (Praise the Lord or People That Love) network, carried by cable TV to 13.5 million

homes; a daily television talk show, broadcast on 178 stations; and the 2,300-acre Heritage USA at Fort Mill, S.C., America's splashiest Gospel-theme amusement park, which was visited by more than 6 million people last year. His projects, which also include a lavish hotel and various charities, employ 2,000 people, and had receipts of \$129 million last year.

Suddenly and unexpectedly, Bakker's control of this seemingly flourishing domain, built over 13 years, came to an end last week. With trembling voice, the televangelist confessed to the *Charlotte Observer* that he had been "wickedly manipulated by treacherous former friends" who had "conspired to betray me into a sexual encounter." Following that involvement, Bakker said, he had "succumbed to blackmail" to protect his family and organization. After the news broke, Bakker resigned as head of PTL, handing control of his troubled operation to fellow TV Preacher Jerry Falwell.

According to the North Carolina dai-

ly, Bakker (pronounced baker) had a one-time sexual encounter with a 21-year-old church secretary during a visit to Florida. The two met in 1980, at a time when Bakker's 19-year marriage to his TV co-host Tammy Faye Bakker, now in her 40s, seemed to be foundering. (This month Tammy told her TV audience that she was drug dependent; she and her hus-

band are currently being treated at a California center for addicts and their families.) The paper said that during 1985 the secretary and her representatives received \$115,000 after she had told PTL officials about Bakker's infidelity. PTL spokesmen would not address the matter of the money, much less whether it had come from PTL coffers. The woman said she was no blackmailer.

The revelations capped a series of aggressive reports on Bakker by the *Observer* that caused the evangelist to cry persecution. The paper ran a 1979 story alleging the diversion of TV contributions for PTL overseas work into U.S. projects. The result was an FCC investigation, which was halted when Bakker sold off a TV station in

Canton, Ohio. The Justice Department later found no grounds for prosecuting PTL. A subsequent story said FCC testimony had accused Bakker and his wife of funneling donations into such perks as a houseboat, a mink coat and a sports car. The Bakkers denied the accusation.

To stem the damage from the newspaper's latest revelations, Falwell pledged an open-books policy at PTL. He then reconstituted the board, adding such newcomers as pioneer Televangelist Rex Humbard and former Interior Secretary James Watt. Falwell also called an emergency meeting of the board for this week. His administrative assistant, Mark DeMoss, indicated that Falwell is not empire building and that his organization in Lynchburg, Va., and PTL will have "separate boards, separate management, separate everything." In the shake-up, Richard Dortch, formerly Bakker's top executive, becomes PTL president.

Bakker, meanwhile, has resigned not only from PTL but from the ministry of the Assemblies of God, a Pentecostal denomination (membership: 2.5 million) based in Springfield, Mo.; he remains on the clergy rolls pending the church's own investigation of the scandal. Dortch has also resigned as an Assemblies minister because the PTL congregation has become independent of the Assemblies. Meeting with Falwell in California last week, Bakker pleaded with the Virginia preacher to assume the chairmanship of PTL's board. Falwell, who is already fully preoccupied with politics, pastoring and his own struggling cable-TV network, said he was not

eager to take the PTL helm but felt pressed to do so. Bakker's current problems, said Falwell, might create a "backwash that could hurt every Gospel ministry in America, if not the world."

At PTL headquarters near Charlotte, officials were putting on an optimistic face. Said Dortch: "We really believe there is a tremendous future for this ministry. Our telephone calls have been overwhelmingly supportive." Yet to be determined is whether those expressions of verbal support will translate into the flow of gifts from trusting supporters that are constantly needed to keep any ministry like PTL in operation.

—By Richard K. Ostling,
Reported by B. Russell
Leavitt/Atlanta

Questioning Tactics

Are potential givers disillusioned by heavy-handed religious appeals for money from television, radio and the pulpit? At a Kansas City conference for Evangelical fund raisers that took place shortly before the Jim Bakker scandal broke, George Gallup Jr. disclosed the surprising results of a poll of 1,026 Americans. While 47% of those who were canvassed thought fund raising by Christian organizations was honest, a hefty 40% said that only "some" or "very little" of it was trustworthy. Warned Gallup: "There have been extravagances and questionable tactics, and surely this has soured people's attitudes toward giving, and toward Christianity."



Jerry Falwell

Books

Implications of Apocalypse

THE THANATOS SYNDROME

by Walker Percy; Farrar, Straus & Giroux; 372 pages; \$17.95

Three of Author Walker Percy's five previous novels bear titles with implications of apocalypse: *The Last Gentleman*, *Love in the Ruins* and *The Second Coming*. The other two, *The Moviegoer* and *Lancelot*, are exceptions in name only. For all of Percy's fiction revolves around a central question: can humane, civilized life survive this murderous, mechanized century? Details change from book to book, but a number of constants recur. The hero is typically a Southerner and a loner, a weirdo in the eyes of friends and relatives, whose despair at the decline of civilization has lured him into alcoholism, drug addiction or rampant crankiness. His struggle back toward health and sanity is usually undertaken with the help of a younger woman, who may be as wounded a victim of modern life as he. The saving grace is just that: a recognition that Christian, specifically Roman Catholic, teachings can still offer hope to lost souls. And the setting tends to be Louisiana, where Percy, 70, has spent most of his adult life.

That, in essence, is the plot of *The Thanatos Syndrome*, but Percy has done more here than simply repeat himself. The theme may be familiar, but the variations decidedly are not. For one thing, this novel embodies Percy's most detailed, explicit attack on contemporary materialism and science. For another, the philosophical warfare has been artfully disguised as a thriller.

The time is the mid-1990s, and Dr. Tom More has returned home to Feliciana parish, that swath of Louisiana land running "from the Mississippi to the Pearl, from the thirty-first parallel to the Crayola blue of Lake Pontchartrain." More is a prominent, visionary presence in *Love in the Ruins*; he has spent two years in a minimum-security federal prison in Alabama for peddling uppers and downers. "I needed the money," he tells the two physician friends who have been charged with overseeing his probation. Now Tom, alcoholism temporarily in control, needs to resume his psychiatric practice. The

trouble is, no one in Feliciana seems to require the old-fashioned Freudian counseling he has to offer.

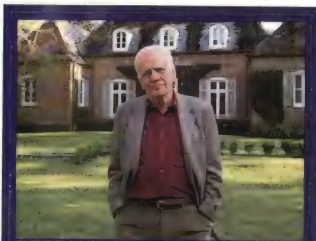
The former patients he manages to see behave strangely: "In each there has occurred a sloughing away of the old terrors, worries, rages, a shedding of guilt like last year's snakeskin, and in its place is a mild fond vacancy, a species of unfocused animal good spirits." Among the victims of this odd malady is Tom's second wife Ellen, who in his enforced absence has become a star on the tournament bridge circuit. She has developed the ability to compute exactly the location of all cards in the hands of her partner and opponents. She speaks in two-word sentences and flaunts herself sexually like a penguin. The baffled shrink wonders, "In a word, what's going on here?"

The pages Percy devotes to establishing and then fleshing out this mystery are as gripping as any he has ever written. Dr.

More's slow piecing together of unsettling symptoms proceeds with nightmarish fascination. Any solution to such a carefully rendered enigma is likely to seem a let-down, and Percy's answer threatens, for a time, to stop *The Thanatos Syndrome* dead in its tracks. Tom, aided by his young, distant and potentially kissing cousin Lucy Lipscomb, herself a doctor and an epidemiologist, discovers that the local water supply is being laced with heavy sodium from the coolant of a nearby nuclear power plant. Whodunit? Not, it turns out, the National Institutes of Health or the Nuclear Regulatory Commission. The villains are a couple of doctors, both known to Tom, who have contrived on their own to salvage the "American social fabric" by doping the local populace.

The next step seems simple and predictable enough. All Tom More has to do is challenge the perpetrators and put an end to their nefarious plot. That is the way that Robert Ludlum or Jack Higgins would wrap up such a story, and Walker Percy scrupulously delivers all the promises his plot provides. But that is not all. For while More is trying to pull the plug on the doctored water, he must also ponder a vexing question. What is wrong, after all, with a simple process, akin to fluoridation, that makes people happier than in their natural state and that dramatically reduces crime and social pathologies? Are Dr. More's spaced-out patients better now than when he treated them for the normal run of human miseries? A mastermind of the sodium conspiracy taunts him, "You can't give me one good reason why what I am doing is wrong."

Not one good reason, perhaps, but many implicit ones, and all present in the language of this novel. The time is coming, Percy insists through his hero, when people can choose to be less than themselves, through technology, or rediscover their spiritual amplitudes, for good or ill. To be fully conscious, even of the worst, seems preferable. Tom describes a sunfish caught in a local bayou: "The colors will fade in minutes, but for now the fish looks both perfectly alive yet metallic, handwrought in Byzantium and bejeweled beyond price, all the more amazing to have come perfect from the muck." An engineered life would leave no room or tolerance for such perceptions. —By Paul Gray



Excerpt

“Prison works wonders for vanity in general and for the secret sardonic derisiveness of doctors in particular. All doctors should spend two years in prison. They'd treat their patients better, as fellow flawed humans. In a word, prison restored my humanity if not my faith. I still don't know what to make of God, don't give Him, Her. It's a second thought, but I make a good deal of people, give them considerable thought. Not because I'm more virtuous, but because I'm more curious. I listen to them carefully.”



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Party of One

OUT OF STEP: AN UNQUIET LIFE
IN THE 20TH CENTURY

by Sidney Hook

Harper & Row; 629 pages; \$29.95

At 84, Sidney Hook seems to have preserved all and pardoned none—including himself. If any error occurred in the past, it was duly noted, to be summoned up on some appropriate occasion. *Out of Step* is the occasion. Hook is currently a senior research fellow at the Hoover Institution on War, Revolution and Peace in Stanford, Calif. All three subjects are specialties of the man who believes that "the central problem of our time is ... the defense and enrichment of a free and open society against totalitarianism."

He began life in the Williamsburg section of Brooklyn, discovered aspects of the "Socialist dream" in adolescence and taught philosophy at New York University for more than four decades. There, as in such books as *The Hero in History*, *The Paradoxes of Freedom and Pragmatism* and *The Tragic Sense of Life*, Hook established a well-founded reputation as a secular humanist. He questioned received ideas and challenged those who substituted passion for logic. The professor played no favorites, and few were happy with his investigations. To '30s conservatives, he seemed a Marxist apologist; to '60s New Leftists, he was a cold warrior. But as his autobiography proves, the only group to whom Hook paid strict allegiance was the party of one.

The Moscow Trials of 1936 were, he recalls, "a decisive turning point in my own intellectual and political development ... I never suspected that [Stalin] and the Soviet regime were prepared to violate every fundamental norm of human decency that had been woven into the texture of civilized life." Some friends and colleagues remained lockstep Stalinists, and Hook brings them onstage as object lessons. Lincoln Steffens had famously seen the future in the U.S.S.R. and proclaimed that it worked. It was less well known, notes the author, that Steffens "had previously seen it in Italy ... where he thought it had also worked. His praise for Mussolini was as glowing as for Lenin." Bertolt Brecht told Hook that the status of defendants in the Soviet dock was irrelevant: "The more innocent they are, the more they deserve to be shot." Hook dryly comments, "I never saw him again."

It hardly mattered. There were hundreds of other notables to engage the philosopher's attention. Although he was at constant odds with colleagues like Philip Rahv, Mary McCarthy and Dwight Macdonald, Hook was associated with the opinion molders of the *Partisan Review*, perhaps the closest thing to the claustrophobic Bloomsbury set the U.S. has ever produced. They wrangled over every aspect of politics and culture, and as the memoirs of the survivors show, after a

half-century, sentiments have still not cooled. Particularly Hook's, who now regards the Partisans as the "Radical Comedians" because "there was something truly comic about their self-conscious role as political revolutionaries and cultural radicals: about the disparity between their profession and their performance."

At intervals, the author lowers his fists, but much of the anecdotal reconsiderers a series of onetime celebrities, hacks and propagandists who have long since been swept into the dustbin of history—with Hook handling the broom. He was performing those janitorial services at N.Y.U., when classes were shut down during a '60s antiwar protest. Hook was an early opponent of U.S. involvement in Viet Nam but characteristically went on teaching. At one session, he recalls, "three raucous S.D.S. students burst into the classroom, shouting 'Strike! Everyone out!' No one moved. I turned and shouted, 'I am placing you under a citizen's arrest,' not knowing exactly what that meant.



Sidney Hook: ready for another round

and the students fled." The incident is emblematic of the man, always in opposition to the prevailing tempo and, in the end, more durable than his hecklers.

It would be easy to stigmatize Hook as a collector of grievances and negatives. In fact, an almost heroic optimism invigorates his work. Twice in old age, he notes, his heart has stopped, and once he asked to be taken off life-support systems, only to be refused. Yet he feels that "the test of whether a human being has enjoyed a happy life is whether, if it were possible, he or she would accept another round of it. By this test I have had a happy life."

And an exemplary one. The professor emeritus now regards political activism as a diversion from his primary interest in pedagogy. But the conclusion of his 20th book belies that claim: those who are indifferent to vital issues "owe the intellectual and cultural freedoms in which they luxuriate to the commitment and sacrifices of others." Even his extensive list of opponents would have to concede that the spirit of those "others" is crystallized in Sidney Hook's long, retributive and triumphantly out-of-step career.

—By Stefan Kanfer



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Bookends

LOVELY ME: THE LIFE OF JACQUELINE SUSANN

by Barbara Seaman
Morrow: 480 pages; \$18.95



What makes a medical journalist whose last book was *Women and the Crisis in Sex Hormones* (1977) spend six years writing a biography of Jacqueline Susann, author of the definitive '60s trash trinity, *Valley of the Dolls*, *The Love Machine* and *Once Is Not Enough*?

Perhaps it was Susann's unique amalgam of poignancy and chutzpah. Her pores were too big to pass a screen test, she could not sing or dance, she was too short to be a model and, after 25 years of trying, she was nowhere as an actress. She drank heavily and was addicted to pills, and her autistic son had to be institutionalized. When cancer struck, she made a pact with God: "If He would give her twelve more years to prove herself the best-selling authoress in the world, she would settle for that."

Susann was not the settling kind. She indeed got a dozen-year reprieve, and her books rose to the top of the charts. But she threw a drink at Johnny Carson, slapped a critic after he had panned one of her works, slept with an entire Borscht Belt of comedians and had lesbian relationships with a number of celebrities. All this has proved irresistible to Seaman, who takes Susann seriously, complete with index, bibliography and detailed footnotes. *Lovely Me* contains more than 200 interviews and countless inside stories. All it lacks is the salty humor and gutsy immediacy its subject was famous for.

OUTBREAK

by Robin Cook
Putnam: 366 pages; \$17.95



Dr. Marissa Blumenthal, public health officer at the Centers for Disease Control in Atlanta, finds herself caught between micro and macro killers in Robin Cook's newest medical thriller. She must solve two mysteries: how an outbreak of Ebola hemorrhagic fever (mortality rate more than 90%) got from Central Africa to the U.S., and why it only strikes staff and patients at clinics with prepaid health-care plans. Physician-Novelist Cook enjoys stretching credulity (in his previous blockbuster *Coma*, people were murdered to provide organs for the transplant trade). Here a league of conservative doctors plays with the viral equivalent of nuclear weapons in order to preserve its market share. The petit Dr. Blumenthal discovers the Hippocratic hypocrisy only

after she is turned into a composite of Nancy Drew and Wonder Woman, crisscrossing the country to study and contain flare-ups of EHF. Cook's best-selling technique is infallible: he lowers his readers' resistance with hard science, then exposes them to the woman-in-jeopardy scenes and chase sequences that spread his infectious tale to the moviegoing population.

MURDER TAKES A PARTNER

by Haughton Murphy
Simon & Schuster: 221 pages; \$15.95



Not many tears are shed when Clifton Holt, artistic director of the National Ballet Company, is stabbed to death by a drug addict. His dancers had regarded him as a martinet, and his board of directors as a threat to their social ambitions. But what appears to be one more senseless Manhattan murder takes an abrupt turn when the killer is himself killed in prison after bragging that he was paid \$24,000 for the Holt job. "Damn," says Reuben Frost, "will all this be in the papers?" Not a chance. For Frost, retired Wall Street lawyer and the dance company's board chairman, is also friends with N.Y.P.D. Detective Luis Bautista, who promises to "keep the lid on" until the case is solved. The pair met in Haughton Murphy's first novel, *Murder for Lunch*. In their second encounter, the Princeton-educated attorney and the Puerto Rican-born cop blend culture and crime as expertly as the bartender at Frost's private club mixes martinis.

COMMUNION

by Whitley Strieber
Morrow: 299 pages; \$17.95



They're here. Creatures from Out There. UFOs are invading the nation's bookstores. Moreover, these accounts of aliens are not sci-fi; they are on non-fiction shelves, and one has even climbed up the best-seller list. In 1985, according to Novelist Whitley Strieber (*The Wolfen*), small creatures with "fierce, limitless eyes" abducted him from his cottage in upstate New York and subjected him to painful prods and probes. Through hypnosis, Strieber later recalled more than a dozen similar occurrences. Credibility is dissipated when he remembers "being terrified as a little boy by an appearance of Mr. Peanut" and evaporates when he speaks of tarot cards and the riddle of the sphinx. Strieber lobbies for understanding between humans and aliens: "two universes spinning each other together... the old weaver of reality rethreading creation's loom." The last time anyone dispensed such advice was on *The Twilight Zone*, where it belonged. ■

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"A flection without any ambivalence," rhapsodized Sigmund Freud, "a feeling of close relationship, of undeniably belonging together." He was speaking not of mothers nor even of psychoanalysts but about Jo-fi, his pet dog. Americans understand. An estimated 52 million dogs reside in U.S. homes. Also 56 million cats, 45 million birds, 250 million fish and 125 million other assorted creatures. Yet despite the antiquity and ubiquity of the human-animal bond, neither Freud nor anyone else has shed much scientific light on the phenomenon. "Animals are so taken for granted," says Alan Beck, director of the University of Pennsylvania's Center for the Interaction of Animals and Society. "We have the gut feeling they're good for you, but how they're good and what can be done with that, we don't know."

Now things are beginning to change. A variety of health professionals have started to assess rigorously pets' impact on physical and mental health. Meanwhile, the beneficiaries of programs in prisons, hospitals and nursing homes do not much care about cool science but are warmly grateful for what amounts to animal therapy. A groundbreaking study came in 1980, when researchers from the Universities of Maryland and Pennsylvania reported on the survival rate of 92 patients with serious heart trouble. Of the 39 without pets, eleven were dead within a year. The remaining 53 had animals ranging from an iguana and Bantams to the typical cats, dogs and fish; just three of those patients died. The results were not due to increased exercise, like walking a dog. Even owning fish proved a boon. Later research provided a partial explanation: an animal's presence helps lower blood pressure and reduce stress.

More recent studies suggest other pluses. In a 1984 Philadelphia study of patients about to undergo dental surgery, some were hypnotized, others were told to look at an aquarium full of fish, and the rest sat quietly for 20 minutes. The first two groups experienced the least discomfort. Surprisingly, watching fish was as effective as being hypnotized. Why animals are so soothing is still a mystery. Psychiatrist Aaron Katcher of the University of Pennsylvania speculates that stroking animals and talking to them stimulates the brain's production of its own pleasure chemicals, the endorphins.



New York City nursing-home resident cuddles an A.S.P.C.A. visitor. Scientists are studying how animals make people feel better.

Psychological benefits have also been documented. Troubled teenagers, for example, are more likely to open up when a therapist brings a dog along. Carol Antoinette Peacock, a psychologist in Watertown, Mass., starts treatment of new adolescent patients with an introduction to her dog Toffy. "It helps them to trust me," says Peacock, who finds that patients sometimes express their feelings through the animal. "They'll say, 'Your dog looks pretty sad,' meaning 'I'm pretty sad.'"

The human-animal bond has long lifted spirits at home, and now is bringing that touch of hearth to institutional settings. In U.S. prisons, the Birdman of Alcatraz has numerous descendants. In Lima, Ohio, at a facility for mentally ill inmates, part of the courtyard resembles a barnyard. Sheep, goats, ducks, rabbits—even deer—roam around. "We're finding the prisoners who have pets are less violent," says Psychiatric Social Worker David Lee. In a double bonus, women inmates in Gig Harbor, Wash., are training special dogs to aid the handicapped. For one

family with a daughter who suffers from a neurological disorder, a dog was schooled to pick up signals of an impending seizure and alert the girl and her parents. "The dog knows before the girl does that she is going to have one," says Leo Bustad, president of the Delta Society, a Renton, Wash., group that funds pet studies.

Hospitals are finding that animals ease patient isolation as well as anxiety and distress. Three of the most popular visitors to elderly patients at Beth Abraham Hospital in New York City come from the A.S.P.C.A.: Jake, a bull mastiff; Boris, a 50-lb. Samoyed; and Regina, a tortoiseshell cat. At Children's Hospital in Denver, staff members and volunteers bring in their dogs, cleanly clad in smocks or T-shirts, and make rounds of wards. Retirement and nursing homes are welcoming pets too. The Tacoma Lutheran Home in Washington boasts a menagerie of furry and feathery live-ins. Some have aided in physical therapy. A stroke patient who had lost motor skills groomed an Angora rabbit; another worked on speech problems by talking to a cockatiel.

Reflecting the growing sense of the difference animals can make, regulations for federally subsidized housing now assure that the elderly and handicapped can keep pets. Last month the Ralston Purina Co. announced a \$1 million program to help local humane societies and shelters fund the initial costs of adopting a pet for those over 59.

Pets are no cure-all, of course. "If you feel sick, you can't just pet your dog and call the doctor in the morning," says Veterinarian Larry Glickman of the University of Pennsylvania. Moreover, they require care, can bite and cause allergies. But what they bring can be hard to improve on. New Yorker Reuben Selnick, 61, a recovering alcoholic who adopted a cat named Oliver in Purina's pilot program, speaks for many. "I was at a very low ebb when I met Oliver," he says. "Now I have something to live for."

—By Anastasia Toufexis.
Reported by Christine Gorman/New York and Mary Wormley/Los Angeles

New Nostril Nostrum

What is jammed up nostrils, supposedly provides a jolt, and isn't cocaine? Presenting Ener-B, an intranasal gel loaded with vitamin B₁₂ and sold in health stores for \$12 a twelve-dose box. Like '60s celebrities who swore by B₁₂ shots, enthusiasts claim the new nose job supplies a burst of energy. Absurd, say experts, and the FDA is investigating. Most people have a five-year B₁₂ supply stored in their livers; excess simply gets excreted. "If you buy this gel," sniffs Dr. Victor Herbert of Manhattan's Mount Sinai Medical Center, "you're going to have the most expensive urine in the neighborhood."

Food

One Potato, Two Potato...

No matter how you slice them, chips are in

"Please pass the chips." Time was when that request led to a predictable result: a crackling treat of smooth, fragile, bitingly salty potato chips. No longer. Now staggering possibilities abound: chips sliced from white or sweet potatoes that could be thick or thin, ridged or smooth, and with or without salt and preservatives. They might be natural in flavor or seasoned with Cajun, Italian or barbecue spices, vinegar, jalapeño peppers, cheese alone

country the real aficionados prize the local brands.

"Regionality is very important," acknowledges James Green, a vice president of N.S. Khalsa, the Oregon producer of the decent if not distinctive Kettle Chips. "Oregonians like the fact that they are eating chips made from potatoes grown in this state." In Pennsylvania Dutch country, said to be the capital of potato-chip production, Michael Rice, president of Utz Quality



or with bacon, sour cream (or yogurt) with onion (or chives). There is also a choice of half a dozen or so oils for frying, which can be done in mass-produced, factory-size quantities (approximately 2,500 lbs. an hour) or in the old-fashioned but newly popular kettle batches (500 lbs. an hour), which cook a good deal more slowly and have a harder, crunchier finish.

"The new potato-chip varieties are like the changes made in bread," says Richard Duchesneau, president of Tri-Sum Potato Chip, which has operated in Leominster, Mass., since 1908. "People got tired of standard white, and now when you walk down the supermarket aisle, you'll find wheat, oat berry, cracked wheat and more. It's the same with chips." Though they profess an interest in foods that are low in salt and calories, Americans last year spent an estimated \$3.3 billion dollars (an increase of 75% since 1980) on deep-fried chips, generally strewn with salt. The market is dominated by PepsiCo's Frito-Lay, Borden's Wise and Procter & Gamble's Pringle's, but around the

Foods, uses cottonseed oil to fry his delicately satisfying line of smooth and ridged chips. But three years ago he introduced a fried-in-lard adaptation of the original potato chip developed by his grandparents in 1921. "Grandma Utz's chips do well in Pennsylvania," Rice reports, "but not in Baltimore or Washington."

Potato-chip fans in Louisiana opt for the fiery seasonings in Zapp's delectable Cajun Craw-Tators, golden brown, crisply curled wafers that are burnished with a savory and peppery spice blend, or the even more tantalizing incendiary jalapeño chips, hot enough to drive the muncher straight to a can of cold Dixie beer. Judging by the high price of Maui chips (as much as \$7.59 for a 7-oz. bag), Hawaiians like heavy grease—as do certain Angelenos. Jurgensen's, a high-toned Southern California grocery, buys all it can get of these dark, oily chips. The steep price does not discourage devotees like Andrea Sharp, a Los Angeles waitress. "I'm not sure what it is, but every time I eat them, I think of Hawaii," she says. Maui has inspired knockoffs, and

some of the imitations, such as the parchment-crisp Laura Scudder's, made in California, and the rustic Trader Joe's Habes Crispus, from Oregon, beat out the original.

To capitalize on the homemade appeal, the major producers have developed spin-off brands. Frito-Lay is doing research on a kettle-cooked chip. Wise now offers New York Deli chips along the Eastern Seaboard and as far west as Dallas, packed in a passionate purple bag that bears no hint of Borden or Wise. With New York Deli, Wise is mining the regional pride and expectations New Yorkers have about deli products being made to order, according to Vice President Chris Abernathy. This is accomplished by using Wise fryers at different temperatures and for different periods of time. The result is a chip with a pleasant potato flavor and nutty overtones.

Similarly, New Englanders who cherish the lingeringly greasy Cape Cod chips, old-fashioned and hand cooked in Hyannis, will find no clue on the package that the company now belongs to Anheuser-Busch. Even Pringle's, the faux chips formed of dehydrated potatoes, now comes in a variety of flavors designed to add character. That goal has not quite been realized, although sales have risen 16% a year since 1981.

Some potato-chip addicts are brand loyal, notably the lovers of the greaseless and quintessentially potatoey Charles Chips, a Pennsylvania Dutch winner that has been going strong for 45 years and that proved best among the 65 varieties tasted for this report. The jalapeño Charles Chips led all other seasoned types. For decades Charles Chips were delivered to homes in 40 states, always packed in the company's trademark mustard-colored cans; now they are sold in supermarkets in typical air-cushioned bags. In Ohio, the loyalty lines are drawn between chips made by two old local outfits: the good, blond wafers of Mike-sell's, produced in Dayton, and the more pallid, "marcelled" Ballreich product, from Tiffin.

A stroll down a supermarket aisle would surely beguile George Crum, the chef at Moon's Lake House in Saratoga Springs, N.Y., who in 1853 is said to have devised "Saratoga chips" to placate a cantankerous customer who complained that the fried potatoes were too thick. But if Crum were to taste chocolate-coated chips, a salt-sweet, cloying aberration priced from \$6 to \$18 per lb. (the latter from Yuppie Gourmet in Racine, Wis.), he might be sorry he started the whole thing. As a good chef, he would be the first to recognize that even the best idea can be taken too far.

—By Mimi Sheraton.

Reported by Janice M. Horowitz/New York and Lie Kanter/Los Angeles

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Video

Moonlighting on the Edge

ABC's classiest hit is also its biggest headache

When America last saw David Addison and Maddie Hayes, things seemed to be coming to a head for the sparring detectives and almost lovers of ABC's *Moonlighting*. Maddie (Cybill Shepherd) has a dashing new boyfriend (Mark Harmon), but realizes that David (Bruce Willis) is jealous. Will the two finally get together? If the show's fans are holding their breath for an answer, they may turn blue before it arrives. The four-part episode that is supposed to resolve the problem began airing on Feb. 3. Seven weeks and four repeat episodes later, the conclusion is still to be seen.

Like a fifth-grader caught without his homework, *Moonlighting* has plenty of excuses. In the midst of filming the multi-parter, Willis broke his collarbone on a Sun Valley ski slope and was absent three days. Another two weeks' worth of shooting was lost while Shepherd, who is expecting twins in October, was fighting off morning sickness.

Those misfortunes only complicated the show's chronic inability to stay on schedule. Most network series turn out at least 22 new episodes a season. *Moonlighting* will be lucky to scrape together 17. Its scripts are often finished just a few hours before shooting starts, and some episodes have even wound up short, forcing the writers to invent an extra scene to fill the time—usually just the two stars vamping before the camera to "introduce" the segment.

Is this any way to run a TV series? Maybe not, but since its debut two years ago, *Moonlighting* has moved up steadily in the ratings to its current No. 9 spot. The show's success is Executive Producer Glenn Gordon Caron's best response to charges that his work habits are undisciplined. "It sounds pompous," says Caron, "but maybe it's irresponsible to bring a television show in on time and on budget every week and have it be about nothing."

At first glance, *Moonlighting* isn't about much. The mystery plots are slight and derivative; so many bogus suicides and murders have been staged that the show could be subtitled "101 Ways to Re-make Vertigo." But Shepherd, as the straitlaced ice queen, and Willis, as the wisecracking clod-with-a-heart-of-gold, are a screen team to treasure. Despite some straining this season, the writers have managed to deepen and develop their relationship without losing the com-

ic fizz. And no other series takes more chances. The actors frequently step out of character for asides to the camera, and the show may break completely from format on a whim. One of this season's episodes featured a seven-minute Gene Kellyesque dance number. Another was an



Sparring in iambic pentameter: Willis and Shepherd in the *Shrew* parody "Maybe it's irresponsible to bring a television show in on time."

elaborate parody of *The Taming of the Shrew* done in Elizabethan costume and mock iambic pentameter.

Such inventiveness does not come cheap. *The Taming of the Shrew* segment cost a reported \$3 million—nearly twice the show's usual \$1.6 million an episode, already well above average for an hour show. Because of the ultrafast dialogue, scripts average 95 pages, compared with about 60 for a typical TV hour, and take



Perfectionist: Executive Producer Caron

ten to twelve days to shoot (eight for most shows). Much of the production disarray, however, can be traced to Caron, 32, a portly ex-writer for *Remington Steele*. Co-workers describe him as a perfectionist who thrives on working close to deadlines and asking for last-minute major changes. The six staff writers have learned to cope with life on the edge. Says one: "When we get a couple of days ahead of the camera, it's time to take a long lunch."

The harried work habits are tough on everyone, from the prop man, who has to rush out to find an antique car for a newly added scene, to the performers, who must memorize lines on short notice. "The actors have it worst," says Shepherd. "You can't play the beginning of an episode too well if you don't know what the ending is going to be. But I'd rather get a good script at the last minute than a bad one two weeks ahead of time." Willis, whose success on the show has launched him into budding film and recording careers, describes the series as an "incredible grind," but praises its dedication to quality. "There are still times when we walk away from a scene because we need more time on it," he says.

Members of the production team vigorously deny one rumored problem, a reported feud between Willis and Shepherd, though some complain about Shepherd's absences. "When she doesn't want to work, she doesn't work," says a staffer. Shepherd has volunteered to shoot one or two extra episodes after the scheduled end of this season's filming on April 22, to help make up for the three months she will take off starting in August.

Meanwhile, Caron and the writers are grappling with how to write her pregnancy into the series. The danger, of course, is that the obvious solution—Maddie and David's marriage—might harm their delicate love-hate relationship and start a viewer exodus. If, that is, viewers haven't first been driven away by the frequent reruns. "It worries me terribly that they're going to abandon us," admits Caron. "There's a certain measure of trust going on there which can easily be abused." So far, however, the perils of *Moonlighting* seem to have only added to its appeal. Even Caron's network bosses have accepted the cost overruns and production delays, largely because the show is one of their precious few hits. "We'd like to put our foot down," says Ted Harbert, vice president of motion pictures for ABC Entertainment. "But the minute *Moonlighting* becomes a cookie-cutter show, we'll be history."

—By Richard Zoglin
Reported by D. Blake Hallinan/Los Angeles

Music

What Makes Seiji Run?

At the peak of his career, Ozawa remains a man of two worlds

On a terrace overlooking Lake Fuschl near Salzburg, Seiji Ozawa and Yo Ma are deep in conversation. "Remember that discussion about whether an Oriental can do Western music?" asks the Japanese conductor in heavily accented English. Ma does. "Music can be learned, really, by anybody who cares to know it well enough and deeply enough," says the cellist, who is of Chinese parentage but as American as a baseball cap.

In Asia, Ma notes, "conforming is more important than being an individual. That becomes hard when you have a talent. You have to speak up, you have to say, 'I have an opinion.' But when I'm in the Orient, I'm not supposed to have an opinion. I try to respect the differences." Ozawa, 51, looks at his young colleague uneasily. "Can you do that?" he wonders, and then suddenly addresses an unseen camera. "This question is very serious," he says. "This is very private." Blackout.

This unusual glimpse into guarded emotions can be found in *Ozawa*, airing on PBS March 27. Shot in 1984 by Albert and the late David Maysles, it is a backstage look at one of classical music's best-known yet least understood figures. Ozawa has been music director of the Boston Symphony since 1973, and as one of the world's top maestros, he appears in such musical capitals as Berlin, Paris and Milan. Yet the first East Asian to succeed in a quintessentially Western art form remains solidly Japanese in temperament and outlook. It is this clash of cultures—and its effect on his music making—that makes him such a provocative figure.

The son of a Japanese dentist in Occupied Manchuria, Ozawa was exposed to Western music at an early age, and his musical education continued after the family moved back to Japan in 1944. What did it matter that classical music in Japan had a very short history? "Western music is so organized," Ozawa observed last month in Paris, where he was conducting at the Opéra. "It is so strong and so logical that it is very easy for every nationality to learn." At the Toho Gakuen School of Music in Tokyo, Ozawa studied conducting with Hideo Saito, who had been a pupil of Cellist Emanuel Feuermann in Germany. Saito was aware his students lacked cultural grounding. "He said that if you know the music and have no tradition, then you must go to Europe," remembers Ozawa. "If you have talent,

you should have a very good nose to smell which is good tradition and which is bad."

Accordingly, when Ozawa came to the West in 1959 for further study, he knew he had much to learn. What he did not expect was the astonishment that his career presumption would engender. Germans are suspicious enough when an Italian performs Beethoven; what could a Japanese know? "I realized that what I



Ozawa leading the Boston Symphony on tour in Japan

"The sunset is different, but the beauty is the same."

was doing was strange only when I got to Europe," remembers Ozawa.

Traveling by freighter, he found his way to Italy. Within a couple of years, he had studied with Herbert von Karajan in Berlin and had been named one of Leonard Bernstein's assistants at the New York Philharmonic. At 27, he seemed the embodiment of Japanese musical aspirations when he returned to Tokyo to lead some concerts with Japan's most prestigious orchestra, the NHK Symphony. But his brash ways offended the conservative, prideful musicians. "We won't be bullied by that kid," they declared. In December of 1962, Ozawa stood alone on a podium in front of an ensemble of empty chairs. That day he was forcibly reminded of an old Japanese proverb: "The nail that sticks out is hammered down."

Today Ozawa uneasily straddles both worlds. The exemplar of success in classical music, in Japan he is a role model to thousands of young performers. Yet his exalted position is resented by many; to them, he is still the nail that sticks out. In the West, old questions about how deeply he understands music continue to dog him. His detractors write of his "blank interpretations," and indeed Ozawa has always been more effective in Strauss and Stravinsky showpieces than in Beethoven symphonies. Music that demands depth rather than flash taxes him. He has taken up opera in Europe, but his strengths and weaknesses remain the same: his *Elektra* in Paris was the work of a master colorist but lacked the manic intensity that others generate.

Ozawa shrugs off criticism that he is culturally unsuited to some repertoires. "Once, as an encore after a recital in Japan, Feuermann played a Japanese tune—pentatonic, with delicate quarter-tone shadings. Everyone said it was the best performance of that melody in history." Yet Japanese performers, educators and critics admit that the lack of real comprehension is the greatest hindrance to Japanese musicians' acceptance in the West. Students too are often taught to emulate their *sensei* (teachers) rather than to think for themselves. Perhaps it is no contradiction that Saito's most flamboyant pupil is also his staunchest admirer.

Torn between his two lives, Ozawa has sent his wife Vera and their two children back to live in Japan, and he returns to their Tokyo home often. Yet a full-time career in Japan would be too limiting for a conductor mentioned as a potential successor to Karajan in Berlin. Although there have long been predictions of his imminent departure from Boston, Ozawa speaks confidently of his future with the orchestra (his only permanent post). He is, he says, content.

But is he? A Japanese born in China, raised a Christian in a predominantly Shintoist-Buddhist country, married to a woman whose father was Russian, Ozawa has had a divided life, symbolizing on many levels the duality that every Japanese musician in the West faces. "Sometimes I say, 'Why I become Western music musician?'" he muses in the film. "I think that made my life much more interesting, and much more exciting. Of course, I have to pay price."

Given the continuing influx of Asian performers, Ozawa's perspective is one worth heeding. "Western music is like the sun," he says. "All over the world, the sunset is different, but the beauty is the same. Maybe there is a way to make a marriage between this Oriental blood and Western music."

—By Michael Walsh

Design



Tokyo Olympic stadiums (1964): clearly modern but vaguely ancient forms, a plan that reminds us how satisfying form following function can be

An Elegant Sweep Toward Heaven

Japan's modernist master architect wins the coveted Pritzker Prize

As the work of young Japanese architects acquires cachet and stirs interest around the world, it is fitting that the elder statesman of Japanese design, Kenzo Tange, 73, should become the first of his countrymen to receive the Pritzker Architecture Prize. The \$100,000 award, announced last week, went to one of the most important modernists of his generation, a master builder who can point to a body of work that is large, far-flung and confident. Tange was a committed and conscientious designer in the International Style during its heyday, a modernist who resisted the easiest answers of modernism during his prime.

Wealthy, media savvy and hypersensitive to professional status, Tange is something like a Japanese Philip Johnson, but with Le Corbusier as his guru instead of Mies van der Rohe. As a teenager, Tange saw Corbusier's drawings for two huge public buildings, and he was smitten. "Right then and there," he says, "I decided to be an architect."

It was 20 years before he built his first building, but he remained in thrall to Corbusier and concrete and public architecture. Tange was well-suited by temperament and history to be a Corbusian. The French master's stark, sweeping forms have the purity of Zen monoliths, and concrete was a practical material for rebuilding bombed-out, impoverished Japan. Tange's first realized design was archetypally postwar: the Hiroshima Peace Center. Finished in stages during the early 1950s, the complex is a complete preview, in miniature, of Tange's architectural career. Nearly all of his low-rise, high-modern ideas are on display: the International Style box, the inverted cone, the rough concrete pillars, the

sweeping concrete shell. The details have a light touch; the forms are blessedly simple. Tange's best designs embody heavenward sweep, a figurative and literal uplift. The central feature of a printing plant in Numazu (1954) is a great set of steel trusses, a wing-like cantilever from which the factory's glass walls hang. It is one of the more elegant postwar industrial buildings. St. Mary's Cathedral in Tokyo is a kind of Gothic abstraction, two enormous concrete shells sandwiched together and suspended from above, covered in an acre of stainless steel.

But his masterpieces are the side-by-side stadiums for the 1964 Olympics in Tokyo. The structures are playful siblings, not identical twins, the forms clearly modern but vaguely ancient. What Tange has called "two huge comma shapes out of alignment" reminds us how satisfying form following function can be. Instead of the usual Rube Goldberg arena system of numbered entrances and exit ramps, the single wide mouths of the Olympic stadiums show themselves unequivocally.

In the late '60s and '70s, Tange's work too often became elephantine and dull, the master plan for Expo '70 in Osaka, palaces for Arab princes, concrete campuses and glossy high-rises in Singapore. It is telling that after architecture's thrusting edge left Tange behind, leaders of developing countries showed a special affinity for his messianic modernism and his eagerness to think big (*really* big; the campus for King Saud University

outside Riyadh will cover 4 sq. mi.).

In architecture today, Tange says, "there is not big-scale thinking." Nor is there sufficient "discipline," by which he means adherence to guiding design orthodoxies. He clearly pines for the certainties of the '50s and '60s, when Olympian notions of urban planning were unchallenged. Tange still insists that cities should be forced to expand along straight lines, not allowed to grow in the traditional *laissez-faire* hodgepodge. He has the hubris to suggest that a city skyline should be made to conform with a predetermined sculptural pattern. Above all, he believes in order.



Kenzo Tange

He disapproves of the free-for-all stylistic approach of postmodernism: "I think postmodernism is just transitional. I don't believe it will last." So he preaches. But his practice, it turns out at this late date, is another matter. His design for a new Tokyo city government complex seems a remarkable departure. True to form, it will be big (3.5 million sq. ft.) and orderly, but the main building is unmodernist by any reckoning; twin spires with Manhattanish art deco

setbacks, a highly sculptural facade of glass and granite intended to evoke Japanese *kishi* latticework. It is as if John Cage suddenly began composing catchy melodies or Frank Stella turned to painting cute portraits. Is Tange merely accommodating fashion? "You simply cannot have any kind of deadpan glass box," he says, to stand as the new symbol of Tokyo. The explanation is forthcoming. He will not say it, but the new municipal hall is a sort of surrender, on eleventh-hour apostasy. When Kenzo Tange disavows glass boxes, an era has ended.

—By Kurt Andersen

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Theater

Toward the Freight Yards of Fiasco

STARLIGHT EXPRESS Music by Andrew Lloyd Webber; Lyrics by Richard Stilgoe

When its elaborately contoured three-story set is lit up like a giant pinball machine, its 60-ft. suspended bridge is rotating in open air, its funk-rock score is blasting so loudly that it vibrates spectators right out of their chairs, and its 27-member cast is whizzing by on roller skates at speeds of up to 30 m.p.h., attired in what looks like a cross between medieval jousting costumes and high-tech robot gear, *Starlight Express* is surely one of the most astonishing spectacles in the annals of the stage. If likely to baffle and frustrate regular theatergoers, it may also enthrall brand-new audiences, especially those under the age of reason. Inspired in equal measure by the roller derby, Coney Island fun fairs and the smoke bomb-accented variety of rock concert, *Starlight* turns a small boy's dream about model-train racing into an \$8 million extravaganza, the most expensive show in Broadway history.

It remains to be seen whether the money was well spent: advance ticket sales are holding steady at \$5.6 million, and the production has already broken house records at the Gershwin Theater, Broadway's biggest. But weekly operating costs exceed \$300,000, and according to Producer Martin Starger, *Starlight* would have to play to almost 90% of capacity just to recoup its investment within a year.

Artistically, *Starlight* hurtles toward



Spectacular excess: Torti and entourage as an evil engine

Medieval high tech and surges of theological kitsch.

the freight yards of fiasco. Even by its own standards—its creators seek to be judged in the context of Disneyland, not *Sweeney Todd*—it is too much of the same thing going on for too long. And unlike Disneyland, *Starlight* is a passive experience: the audience doesn't come along for the ride, physically or emotionally. After opening moments of real wonder, the dramatic tension depends increasingly on what tricks the set can do next: opening the floor to send up a concealed bedroom or judging stand; filling the midnight sky with stars that sketch a celestial madonna in a surge of unexamined theological

kitsch. Against this whizbangery, the actors make scant impression, although Robert Torti is an oily villain and Greg Mowry a winsome underdog. Andrew Lloyd Webber's pastiche of American pop offers histrionic passages but no memorable tunes. Worse, the races—the core of the plot—look contrived. When one “engine” passes another, no burst of athletic élan justifies the triumph; sometimes the jockeying for position takes place out of view, sometimes the team fated to lose just rears itself in short of the finish line.

Starlight, which opened in London in 1984, comes from a glittering team: Director Trevor Nunn, Set Designer John Napier and Lighting Designer David Hersey, who mounted *Nicholas Nickleby*, plus Composer Lloyd Webber and Lyricist Richard Stilgoe, who had joined the former trio to devise *Cats*. In reconceiving the show for Broadway, the creators had some smart ideas: instead of a gloomy, abandoned train siding, the gaudy set now represents a panorama of the U.S., dotted with highlights a child might recognize, from the Statue of Liberty to the Golden Gate Bridge; the recorded narration too is now by a child: Braden Danner, who appears live in the Main Stem's other big new musical, *Les Misérables*. Along with these bright ideas came a dumb one: instead of having the skating encircle the audience, as in London, the races now take place within the confines of the stage. Thus there is no longer much sense of the spectator's being part of the action. At Coney Island, the roller derby or rock concerts, that feeling is the essence of the fun.

—By William A. Henry III

Milestones

SUIT SETTLED. By **Eddie Murphy**, 25, prankish actor-comedian who gained fame on NBC's *Saturday Night Live* from 1980 to 1984; and **Irving** (“King”) **Broder**, 64, talent agent who sued for \$30 million, claiming he was owed the money as Murphy's manager under a six-year contract signed in 1980; for an undisclosed sum; in Mineola, N.Y. Throughout the two-week trial, Murphy insisted that he got his *Saturday Night* job without Broder's help.

DIED. **Robert Preston**, 68, feisty, versatile stage and screen actor, whose most memorable performance, both on Broadway and in a 1962 movie, was that of Professor Harold Hill, the strutting, fast-talking leader of 76 trombones and spy antagonist of pool hall evils in *The Music Man*; of lung cancer; in Santa Barbara, Calif.

DIED. **Santo Trafficante Jr.**, 72, reputed boss of the Florida Mob who over the past 33

years had been linked by police to drug smuggling, prostitution, illegal gambling, racketeering and murder, and who was reportedly part of a failed CIA plot to assassinate Fidel Castro; after triple-bypass heart surgery; in Houston. Except for a two-month sojourn in a Havana jail, which he said he enjoyed, Trafficante never served time.

DIED. **Arch Oboler**, 77, radio dramatist, best remembered as a spinner of macabre tales and chilling fables during the 1930s and '40s on the late-night show *Lights Out*, which opened with a ghostly voice intoning, “It... is... later... than... you... think”; of a stroke; in Westlake Village, Calif.

DIED. **William Britton** (“Bill”) **Baird**, 82, leprechaun-like puppeteer whose impish creations, among them Charlemagne the Lion, Sluggo Ryan and Hedda Louella McBrood, were early stars of television's

golden age during the 1950s; of pneumonia after contracting bone-marrow cancer; in New York City. From 1950 to 1953, Baird's handiworks were featured in such CBS series as *Life with Snarky Parker*, *The Whistling Wizard* and *The Bill Baird Show* and made numerous guest appearances on variety programs and in commercials. Baird rejected the notion that his inventions were merely comic “little people,” explaining, “They are the way we accept what is important in people.”

DIED. **David Lewis**, 83, Hollywood producer who helped create such memorable films as *Camille* (1937), *Dark Victory* (1939) and *Kings Row* (1942); of undisclosed causes after respiratory problems; in Los Angeles. Following reports that cocaine and methadone were found in the body of Lewis, who was not a known drug user, Los Angeles homicide detectives said they were reviewing the case.

Sport

Coming to the Four with More

Of all the promising events, this one delivers the goods

The National Collegiate Athletic Association will present its Final Four this weekend in a domed stadium in New Orleans too spacious for the intimate exercise of basketball and yet too small for the size of the event. From a regional sport with a national name, college basketball has grown into a national game with a regional flavor, the most consistently satisfying championship on the calendar. It has become a spectacle on the order of the Kentucky Derby, in the sense that the aficionados constitute the minority of the spectators. There cannot be this many basketball nuts.

Born in 1939 as an exclusive eight-team colt, the tournament guaranteed each entrant \$750 and expenses in 1940, compared with the \$1 million assured all four schools in New Orleans. Throughout the '40s, the rival National Invitation Tournament was more prestigious. In 1949 vaulted Kentucky lost in the first round of the N.I.T. but won the N.C.A.A. championship. Eventually, the field was expanded to 16, 22, 25, 32, 40, 48, and, two years ago, to 64.

Time's passing was perfectly expressed this season by Jack Haley, the UCLA center, who admitted, "When I first came here, I didn't know that Lew Alcindor and Kareem Abdul-Jabbar were the same person." Coach John Wooden's ten championships over twelve seasons—the great '60s and '70s stewardships of Alcindor, Bill Walton and Sidney Wicks—are distant memories. The last three dominators to frequent the Final Four—Virginia's Ralph Sampson, Georgetown's Patrick Ewing and Houston's Akeem Olajuwon—won one title among them. Other sports only talk of parity.

Few areas of the country possess major league baseball or professional football, but it is only a slight exaggeration to say every state has a contender for this super bowl. In the past two weeks, network and cable-television stations have fairly throbbled with elimination games, often featuring heroic and nameless underdogs with authentic chances. Within 90 minutes of Southwest Missouri State's invitation, a spontaneous pep rally of 3,000 fans lighted up Springfield on a Sunday night. The Bears upset Clemson and almost Kansas.

Last week, when the Austin Peay Governors came home to

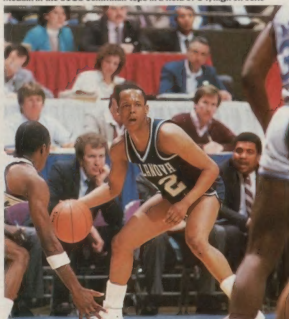
Clarksville, Tenn., overtime losers to Providence after conquering Illinois, the whole town met them at the interstate in a caravan complete with fire engine and mayor. Senior Forward Bob Thomas missed the foul shot that would have won the Providence game in regulation, and the anguished picture of him leaving the court is one of the tableaux of the tourna-



ment. Thomas was the last player to get up to speak to the caravan, but he never got anything out for all the cheering.

That seems the charm, though the charm is not always what it seems. In the championship game two years ago, Villanova was directed to an implausible 66-64 victory over Georgetown by an appealing point guard named Gary McLain. The Wildcats' pizzaman coach, Rollie Massimino, said in the afterglow, "I've screamed at this group more than any

McLain in the 1985 semifinal: tops in a field of 64, high on coke



other, not because they are such good players but because they are such good kids." McLain described Massimino as "a brother, a friend, a father, your boss, your coach."

But in a cynically timed confession, McLain wrote in *Sports Illustrated* two weeks ago that he was a cocaine addict during the 1985 tournament, and had been allaying Massimino's suspicions with transparent lies. "I honestly believe nothing ever came of it not because he didn't have enough to go on but because he had so much." Before the semifinal game against Memphis State, McLain says he did a quarter-gram of coke in the bathroom of his hotel. The true attitude of the smiling backcourtman, the beautiful dreamer of all the glorious press dispatches, came down to this: "I just wanted the season to be over." He says, "Now I wish Coach Mass had tested me then, or got me some help, or something."

Possibly thanks to McLain, only a few coaches have criticized the tournament drug-testing procedure inaugurated by the N.C.A.A. this year, a painstaking post-game process that forgot to allow for dehydrated athletes. Coach Norm Sloan of Florida, fearing passive contamination, packed up the whole team and fled a Syracuse Holiday Inn when one of the Gators thought he detected a wisp of marijuana smoke curling out of the room next door.

Fresh problems confront the coaches on the court too. A brand new 19-ft. three-point shot and a fairly new 45-sec. shooting clock have permanently changed the game and for the moment improved the drama. "One of the most important balances in basketball," says Pete Newell,

who coached championship teams at San Francisco and California, "is the value of the ball against the penalty of the foul. That might be out of whack now. Promiscuous fouling could be coming." The wildest coaches, like Jerry Tarkanian of Nevada, Las Vegas, have been passing up three-on-two fast breaks for three-point shots. What do you do with guards who run away from the basket?

One advantage the Final Four has over football's Super Bowl, in particular, is the compression of time. Always preoccupied with the opponent at hand and left only one weary day to turn to the final game Monday night, no one is over-coached or overprepared. "You have no choice but to be concerned with your own team," Newell says, "to coach in positives and make your own promises to yourself." No event delivers so reliably on its promises.

—By Tom Callahan

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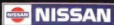
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